| | | | | | |
|---|---|---|---|---|---|
| Austria | Sch22 | Indonesia | Rp3100 | Portugal | Esc100 |
| Bahrain | Din0.650 | Israel | NS3.50 | S.Arabia | Rls6.00 |
| Belgium | BFr48 | Italy | L1600 | Singapore | S$4.10 |
| Canada | C$1.00 | Japan | Y600 | Spain | Pta125 |
| Cyprus | C£0.75 | Jordan | Fils500 | Sri Lanka | Rup30 |
| Denmark | DKr9.00 | Kuwait | Fils500 | Sweden | SKr8.00 |
| Egypt | E£2.25 | Lebanon | SL125.00 | Switzerland | SFr2.20 |
| Finland | Fmk7.00 | Luxembourg | LFr48 | Taiwan | NT$65 |
| France | FFr6.50 | Malaysia | Rlo4.25 | Thailand | Bt50 |
| Germany | DM2.20 | Mexico | Pes300 | Tunisia | Din0.800 |
| Greece | Dr100 | Morocco | Dh6.00 | Turkey | L500 |
| Hong Kong | HK$12 | Netherlands | Fl3.00 | UAE | Dh6.50 |
| India | Rup15 | Norway | NKr8.00 | USA | $1.00 |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,355 Tuesday October 6 1987 D 8523 A


Moscow rehabilitates a distinguished Bolshevik, Page 2

World News

## Sri Lanka captives take own lives

At least 10 members of the Tamil Liberation "Tigers" committed mass suicide yesterday by swallowing cyanide capsules. Seven others attempted suicide and were said to be in critical condition.

Meanwhile Indian troops and Sri Lankan police were ordered to shoot rioters on sight in Tricomalee, eastern Sri Lanka. Page 24

### Passive disarmament

Nato secretary-general Lord Carrington warned that there was a danger of "passive disarmament" as a result of rising defence equipment costs and restrictions of defence budgets. The East-West balance on conventional weapons had to be maintained, he said. Page 2

### Uncertain future

The political future in Fiji was uncertain after talks to end the constitutional crisis broke down. The Governor-General faced a decision over whether to resist or give way to Col Sitiveni Rabuka who seized power 10 days ago. Page 24

### Basque attack

Spanish Basque guerrillas attacked civil guard barracks following a series of detentions in France and Spain of ETA supporters, some of whom had been involved in terrorist attacks. There were no casualties.

### Soviet warning

Soviet General Anatoly Kuntsevich warned during an international visit to a secret Soviet chemical weapon test ground that US plans to produce chemical binary weapons could spoil chances of an international agreement to ban chemical weapons and destroy stockpiles. Page 3

### Bork decision

Senator Dennis Deconcini, one of the swing votes on the Senate Judiciary Committee which will decide on the nomination of Judge Robert Bork to the Supreme Court, said he would vote against confirmation. Page 24

### Angola casualties

Angola said four battalions of South African troops backed by 10 military aircraft intensified attacks on government forces causing "considerable casualties" along the Lomba river in the south-east province of Kuando Kubango.

### China downs MiG

China claimed to have shot down a Vietnamese MiG-21 fighter jet that intruded 30km into its airspace over Guangxi Zhuang region in southern China

### Matanzima replaced

Stella Sigcau was elected Prime Minister of Transkei from her position as Minister of Posts and Telecommunications to replace George Matbeen been been been anzima who resigned under pressure last month. Other candidates withdrew shortly before the ballot.

### Bhopal decision

The US supreme court cleared the way for Indian courts to hear suits against Union Carbide arising from the Bhopal poison gas disaster in 1984 which killed 2,400 people.

### Direct talks

Israeli Prime Minister Yitzhak Shamir said he would agree to an international Middle East peace conference only if direct Israeli-Arab talks could first reach a peace formula for "endorsement" by an international conference.

### Bissau cholera

Cholera killed 40 people in the West African country of Guniean Bissau.

### Wage war

Lebanon doubled the minimum wage of 4,300 pounds per month ($15) to 8,500 pounds. Employees earning more than 12,000 pounds will receive a 75 per cent increase.

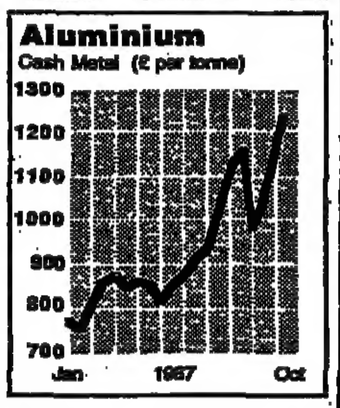
Business Summary

## Philips to float off part of Polygram

**POLYGRAM**, music production subsidiary of Philips, Dutch electronics group, will be partially floated in an international equity offering expected to raise about $270m through the public sale of 20 per cent of Polygram's shares. Page 27

**CALOR**, UK bottled gas company, rejected a joint £820m($1.33bn) bid proposal from Burmah Oil and SHV, a privately owned Dutch company. The bid, which was final and had been made conditional on the recommendation of the Calor board, was withdrawn at once, ending one of the the shortest takeover sagas in recent history. Page 25

**ALUMINIUM** prices rose to 7½-year highs on the London Metal Exchange in dollar terms, with near record levels in sterling terms, before profit-taking. Continued speculative buying




and covering against earlier short sales pushed the dollar-denominated high grade contract cash position up $95 to close at $2,045 a tenne with the cash standard contract gaining £25 to £1,246. Page 36

**WALL STREET**: The Dow Jones industrial average closed down 0.81 at 2640.18 Page 48

**LONDON**: After an optimistic opening, equities fell on the weak Wall Street opening and a downswing in bonds. The FT-SE 100 index closed up 3.6 at 2,385 and the FT Ordinary index added 1.4 to 1,873.7. Page 44

**TOKYO**: Support for high-tech and large-capital issues offset worries over the possible creation of a capital gains tax to leave share prices marginally higher. The Nikkei average added 11.74 to 26,018.33. Page 48

**GOLD** rose $0.30 on the London bullion market to close at $456.00. In Zurich it rose $2.50 to close at $456.25. Page 36

**DOLLAR** closed in New York at DM1.8395, at FFr6.1225, at SFr1.533 and at Y146.55. It rose in London to DM1.8425 (DM1.8420); to FFr6.1325 (FFr6.1275); to SFr1.5355 (SFr1.5345); and to Y146.80 (Y146.35). The dollar's exchange rate index was unchanged at 102.3. Page 37

**STERLING** closed in New York at $1.6285. Earlier, it rose in London to $1.6240 ($1.6215), to DM2.9925 (DM2.9875); to FFr9.96 (FFr9.9350), to SFr2.4925 (SFr2.4875), and to Y238.50 (Y237.25). The sterling index rose 0.1 to 73.0. Page 37

**LINOTYPE**, West German printing technology group bought by Commerzbank for Allied Signal of the US in late March, is to be floated on Thursday for DM 600m ($326m).

**COMPAGNIE DU MIDI**, French insurance group bidding for control of Equity & Law in the UK, agreed to buy Meeschaert-Rousselle, France's largest stockbroker. Page 27

**MODO**, Swedish pulp and paper group, took a decisive step towards gaining control of Holmen, a rival domestic forest products group and Europe's leading newsprint producer. Page 25

**HONG KONG** and Shanghai Hotels Group, controlled by the family of Lord Kadoorie, Hong Kong's only member of Britain's House of Lords, fixed the price at which 32.5m shares - just under 35 per cent of the company's issued share capital - are to be offered to international institutional, and Hong Kong, investors. Page 25

# Greenspan to push forward reform of US bank system

BY ANATOLE KALETSKY IN NEW YORK

MR ALAN Greenspan, Federal Reserve Board chairman, said yesterday that it was "essential" for the US Congress to liberalise the laws which restrict the growth of US commercial banks and their diversification into the securities industry.

However, he warned that any new legislation must ensure that the securities business does not benefit from government guarantees enjoyed by the banks' deposit-taking operations.

Mr Greenspan, delivering his first major testimony to Congress since his appointment in August as head of the US central bank, seemed to confirm widespread predictions that he would be a more determined champion of bank deregulation than Mr Paul Volcker, his predecessor.


Alan Greenspan: bank deregulation proposals

The new Fed chairman maintained that a "broad interstate banking system" would inevitably supersede the present fragmented American banking market as regional interstate banking arrangements evolved into a nationwide framework.

He urged Congress not to put US banks at a competitive disadvantage in this process by sticking to outdated legislation and expressed "considerable frustration" with the delays which politicians had already imposed.

Mr Greenspan also warned against any revised legislation which would try to restrict the industry's development with a "laundry list" approach to new banking powers. Any list of specific markets or activities to be permitted for banking companies in the future would soon become outmoded. Instead, depsotiary institutions should be given "generic powers" of expansion which could be interpreted in the light of market developments by bank regulators, he suggested.

But despite his general advocacy of bank deregulation, he stopped short of simply urging abolition of the laws which separate commercial and investment banking at present. It was essential, though also very difficult, to "assure that only the bank has the benefit of the support of the federal safety net which includes deposit insurance and access to Federal Reserve lending".

The Fed was working on proposals along these lines to replace the Glass-Seagall Act which currently bars commercial banks from full participation in the securities business. But Mr Greenspan warned that there were considerable difficulties in separating the government-insured from the non-insured parts of the banking business.

Mr Greenspan said that he hoped to have recommendations ready on new bank legislation within "several weeks".

"The more you look at it, the more complex it gets," he added.

● The Supreme Court yesterday upheld a lower court ruling allowing some Federally-insured banks which were not members of the Federal Reserve System to set up securities subsidiaries. The Federal Deposit Insurance Corporation, which regulates such banks, issued permits for some of its members to operate brokerage subsidiaries in 1984. This decision was challenged by the securities industry under the Glass-Steagall Act, but was upheld last April by the US Appeals Court.

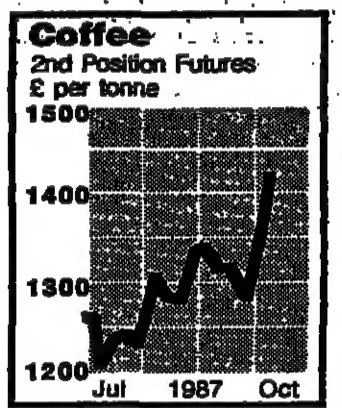
## Coffee prices jump after export quotas agreement

BY DAVID BLACKWELL IN LONDON

WORLD COFFEE prices rose sharply yesterday after the International Coffee Organisation finally reached agreement on the immediate resumption of coffee export quotas, which have been suspended since February 1986.

Delegates from the 75 member countries of the organisation, which aims to stabilise coffee prices by regulating trade in the commodity, were still arguing over how to divide the market among exporters throughout the weekend after two weeks of tough negotiations.

Agreement on the allocation of quotas was the key to success in the talks, which had been scheduled to finish on Wednesday.




Consuming countries, led by the US - the world's biggest consumer - have been seeking an allocation formula for quotas based on what they term "objective criteria," such as available supplies and stocks. But Brazil, the world's biggest producer, along with the majority of the exporting countries, has been backing a formula which consumers said contained too much political bargaining.

The compromise which has been struck backs the producers' formula for the first year, starting this week, while a formula more in line with the consumers' ideas will automatically come into effect next October.

The agreement - for a world export total of 58m bags of exported coffee - includes special measures over the next quarter specifically designed to push world prices quickly back up into the 120 cents to 140 cents a pound range which the ICO wants to defend.

The latest available 15-day moving average price, for October 2, is 104.17 cents a pound. If this price, which the ICO uses as its measure, does not reach 107 cents by tomorrow, the level of world exports allowed will immediately be cut by 1.5m bags to 56.5m bags. Further cuts will follow if the price does not continue to rise.

The markets reacted immediately with a sharp jump in prices. Most actively traded on the London Futures and Options Exchange (Fox) was the November robusta contract, which rose by £61.50 to £1,399 ($2,266) a tonne on a volume of 5,213 lots of five tonnes each. In New York the price of three-month robusta reached as high as 126 cents a pound in morning trading.

The retail price of coffee is unlikely to be affected for the next couple of months - and then only if the price of coffee beans remains strong.

Commodities, Page 36

## UK judge warns 'share cheats'

BY RAYMOND HUGHES AND RICHARD TOMKINS IN LONDON

BRITAIN'S top judge yesterday quashed a jail sentence on a former Conservative Member of Parliament for attempted dishonest share dealing, but gave a warning that "future City of London cheats" were unlikely to be so fortunate.

Lord Lane, the Lord Chief Justice, said a jail sentence on Mr Keith Best, who made multiple share applications for his shares in British Telecom, the privatised state concern, was too severe. However, Lord Lane increased the £3,000 ($4,800) fine also imposed on Mr Best to £4,500.

It was the first time in Britain that a jail sentence had been imposed for an offence involving share applications.

In quashing the sentence, Lord Lane said Mr Best had escaped jail "by the skin of his teeth." But he added: "Let it be clearly understood, from now on those who indulge in this or any other form of cheating with regard to the stock market are put on notice that it is not only their assets which are at risk but also their liberty."

Mr Best, who was convicted at court in London last Wednesday on three specimen charges of dishonestly attempting to obtain 2,400 BT shares by deception, complained about the disparity between his sentence and those imposed on 10 other professional men convicted earlier at another London court, for similar offences. None of the 10 was jailed.

Lord Lane also made clear it was the wording of the BT prospectus that had caused the appeal court to doubt the propriety of jailing Mr Best. Anyone reading the prospectus might be forgiven for assuming that multiple applications would not meet with disapproval and that the criminal law was unlikely to be invoked, he said.

Lord Lane contrasted the latter British Gas and TSB (Trustee Savings Bank) issues, when the prospect of criminal proceedings was made perfectly plain.

Mr Best's counsel, Mr Robin Simpson, QC, said that every aspect of Mr Best's career, as MP for Anglesey, north Wales, as a barrister and as a major in the Territorial Army had been "not just tarnished" but literally smashed.

Mr Best had been "crassly stupid." But it was not British justice that, because a man was an MP and barrister, he should have to suffer so greatly in comparison with others whose cases had been much worse.

Lord Lane said that as a barrister Mr Best should have realised he was at least in danger of falling foul of the law.

"But we have come to the conclusion that, while the nature of his profession and background certainly does not entitle him to be treated more leniently, it does not require him to be sent to prison rather than fined."

## Wedges of bitterness divide the peoples of Tibet

By Robert Thomson in Lhasa

"DALAI LAMA, Dalai Lama" - with head bowed and hands outstretched a Tibetan urchin begged for a photo of his exiled spiritual leader. There was a hint of urgency in his voice because a curfew designed to clear the streets of this troubled city was only minutes away.

Tibetans sense that more violence is inevitable after two protests in support of Tibetan independence have left at least six, and perhaps many more, dead.

A sign plastered on a wall in the centre of the city by a Tibetan underground group claims that "ten people" have died and that Tibetans must be ready for many more deaths for the sake of their cause.

As Chinese police and military sealed off the capital yesterday and searched trucks in an attempt to stop monks gathering for another protest, monasteries were closed and monks ordered to stay inside.

It will be an uncomfortable couple of weeks for the Chinese Government, which fears that futher protests might erupt within days of the 37th anniversary of the crossing of Chinese troops into Tibet.

Monks and other Tibetans injured during a protest last Thursday, when police opened fire after having been pelted with stones, are seeking refuge in homes and temples, fearing that hospital staff will turn them over to police if they ask for treatment.

Foreign travellers, including several doctors, have been treating the injured in their homes since Thursday and are stockpiling medical supplies in case of further violence.

At the Jokhang temple, the site of the bloody protest, a public address system endlessly repeats messages from the public security bureau warning Tibetans not to engage in "splitism," and telling foreigners to stay out of China's "internal affairs" or risk severe punishment.

Two US citizens, a doctor and a lawyer, have been given until October 10 to leave the country for allegedly "endangering national security and harming the public interest" by mingling with Tibetans and carrying a Tibetan flag.

It is clear that the sudden surge in Tibetan activism in Lhasa has followed an intensified international campaign by Tibetan exiles, in particular.

The protests have unsettled Tibet's 400,000 or so Chinese civilians and military personnel. Several Chinese-run businesses were damaged and Chinese bystanders punched during Thursday's protest.

Continued on Page 24

# Brussels sets deadline on mergers pact

BY WILLIAM DAWKINS IN LUXEMBOURG

THE European Commission yesterday gave Community member governments until the end of next month to agree in principle to give Brussels wide-ranging controls over cross-frontier mergers.

Mr Peter Sutherland, the Commissioner for competition policy, told a meeting of trade and industry ministers that the Commission would take individual legal action against mergers likely to create anti-competitive dominant positions if EC governments did not give broad political support to a long-stalled merger control regulation.

The proposal, which would give the Commission the right to vet in advance cross-border mergers with a combined turnover of more than Ecu 1bn ($1.158bn), has been stuck in sterile technical debate between national officials since it was launched in 1973.

It has met resistance from the UK and Italy which fear that Brussels would take too long to approve deals, while the the Netherlands is unwilling to impose excessive regulations on takeovers. Mr Sutherland said there were no overtly negative reactions yesterday, although Britain's representative at the meeting, Mr Alan Clark, left before the Commissioner spoke.

Mr Sutherland told member states that the increasing number of cross-frontier takeovers and the EC's campaign to dismantle internal trade barriers now made it essential to set up a Community system of control. The aim was just as much to give "certainty and assurance" to cross-border takeovers as to stop abuses of industrial power. But it was meaningless to continue technical work on the move without clear political support for its aims.

It was not good enough to leave EC merger control to national anti-trust authorities because of the risk of different member states producing inconsistent judgments. "We need a uniform set of rules which would allow a coherent industrial strategy," he said.

If ministers cannot support the broad lines of the scheme by the Internal Market Council's next meeting on November 30, the Commission is promising to apply Articles 85 and 86 of the Treaty of Rome to potentially anti-competitive mergers. These outlaw any kind of industrial accord likely to distort free competition. Theoretically, this would allow Brussels to demand major changes to takeovers after the event, a power which the Commission has never used before.

An important legal test of whether Article 85 does apply to takeovers is expected to be resolved in the European Court of Justice in the next few months. It is a private anti-trust case brought by British American Tobacco against a merger between Rothmans and Philip Morris. The court has hinted that Article 85 does apply in its preliminary ruling.

● EC trade and industry ministers delivered a political snub to the European Parliament yesterday when they agreed on a scheme to promote wider competition in public purchasing of basic supplies.

They refused at their meeting in Luxembourg to accept any of the changes suggested by the assembly, which wanted to give public authorities the right to discriminate in favour of suppliers that offer equal employment opportunities.

France, Italy and Greece abstained in the vote, having unsuccessfully tried to include further changes to allow purchasing authorities to reserve contracts for companies in poor regions. The proposal now goes back to the Parliament for a second reading, due within three months.

## Iran raises threat of attack on US bases

BY ANDREW GOWERS IN DUBAI

A SENIOR Iranian military officer yesterday raised the prospect of an attack by Iran on US bases in Arab Gulf states, as Iraq mounted a blitz of air raids on Iranian-operated supertankers at the southern end of the Gulf.

Iraqi jets hit four ships at Iran's Hormuz oil-loading terminal, causing a serious fire on one, and Baghdad also claimed to have hit two other Iranian oil facilities and a base in the Gulf used by Iran's Revolutionary Guards. Iran immediately vowed to step up retaliation.

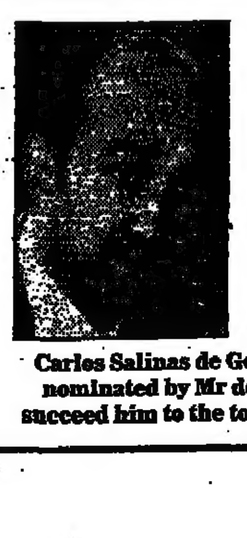
The possibility of Iranian attacks on US bases was raised in an interview with the Tehran Times newspaper by Gen Qasem Ali Zahirnezhad, a member of Iran's Supreme Defence Council. "Once the malicious intent of the US is established, then Iran's attack on these bas-

Continued on Page 24



CONTENTS


| | |
|---|---|
| Europe | 2,3 |
| Companies | 25 |
| America | 6 |
| Companies | 25 |
| Overseas | 4 |
| Companies | 25 |
| World Trade | 8 |
| Britain | 10-16 |
| Companies | 30-34 |
| Agriculture | 36 |
| Arts - Reviews | 21 |
| World Guide | 21 |
| Commercial Law | 17 |
| Commodities | 36 |
| Crossword | 38 |
| Currencies | 37 |
| Editorial comment | 22 |
| Eurobonds | 28 |
| Euro-options | 38 |
| Financial Futures | 37 |
| Gold | 36 |
| Intl. Capital Markets | 28 |
| Letters | 23 |
| Lex | 24 |
| Management | 18 |
| Market Monitors | 48 |
| Men and Matters | 22 |
| Money Markets | 37 |
| Raw Materials | 36 |
| Stock markets - Bourses | 45,48 |
| - Wall Street | 45-48 |
| - London | 42-44,48 |
| Technology | 29 |
| Unit Trusts | 38-41 |
| Weather | 24 |

MEXICO'S HARVARD TECHNOCRAT IN LINE FOR PRESIDENT

Carlos Salinas de Gortari has been nominated by Mr de la Madrid to succeed him to the top office, Page 6


Africa: nightmare of would-be trader 4
Peru: banks paid in fishmeal/iron 8
Management: swapping corporate security for the uncertainty of independence 18
Gorbachev: bearing the burden of proof 22
Editorial comment: When stags go too far; trade test from Canada and US 22
Japan and US: not easy to live with an elephant 23
UK Tories: All Thatcherites now 23
Lex: Asda-MFI; Burmah/Calor; Sewers Group 24

# Carrington warns on rising cost of weapons

BY DAVID BUCHAN

THE RISING cost of weaponry and the squeeze on defence budgets from rival social programmes could lead Nato into a "passive disarmament" more dangerous than any negotiated disarmament deals with Moscow, Lord Carrington, the Nato Secretary-General, warned yesterday.

Launching a year-long study by the London-based Royal United Services Institute into Nato and Warsaw Pact developments up to the turn of the century, Lord Carrington singled out the need for Western Europe to contribute more in its defence over the next 15 years.

Failure by Western Europe to do this would "convey two potentially very dangerous signals - one to those in the US in any case inclined to question the scale if not the principle of the American commitment to the defence of Europe, and the other to those in Moscow who argue that there is no reason to negotiate seriously about a conventional balance that, given time, will inevitably tilt further in the Soviet direction".

Lord Carrington said it could not make sense for defence, "the first responsibility of government," to be simply allocated what money was left over from civil budget programmes. But there was also a value for money problem with defence. The Nato chief said he could not understand "why sophisticated electronics seem to get progressively cheaper on the High Street and more expensive when you put them in uniform".

The "spark and tinderbox" creating explosive inflation in defence equipment, a problem common to all Nato countries, were "cost-plus contracting, state-of-the-art specifications and protectionist - not to say chauvinist - purchasing policies", he claimed.

The secretary-general did not believe that international defence rationalisation and collaboration would really get under way until prime ministers committed their whole governments to it. Why, he suggested, not start it off dramatically by Nato deciding that one country or consortium would produce the next generation of main battle tank for the whole alliance?

# Poland to ease company reins

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities are planning to unveil a major restructuring of the government administration aimed at easing central control over enterprises. Details will be given in a speech to Parliament next Saturday by Mr Zbigniew Messner, the Prime Minister.

The move could see a reduction of 25 per cent in the number of people employed by central government and will entail minsierial changes as various industrial ministries are amalgamated into one Ministry of Industry. This coming week will see a series of meetings of top decision-making bodies, culminating in a central committee meeting on Thursday which is to approve the changes.

The government re-organisation is part of a package designed to implement decentralising economic reforms over the next three years, leaving a greater role for the private sector and the market as a whole.

Prices and incomes policy aimed at achieving a balance between supply and demand still remains unresolved, with the Government hesitating between a moderate 15 per cent level of price increases next year and politically dangerous 40-60 per cent.

● Trybuna Ludu, the Polish party newspaper, has reported another record grain harvest this year of 26m tonnes compared with 25m tonnes last year, which in turn was the best year since the Second World War.

Western observers caution that grain quality this year is poorer as a result of the delayed harvest, and that the grain contains more moisture than usual thereby increasing the total weight.

Nevertheless, yields per hectare are growing annually and the acreage devoted to grain output is also rising. This is especially so of wheat, of which more than 1m tonnes a year is still imported.

Messner: speech on Saturday

# Senior ministers replaced in Ceausescu reshuffle

BY JUDY DEMPSEY IN VIENNA

THE ROMANIAN authorities at the weekend announced several major changes in the Government which included the dismissal of the ministers for the interior and justice.

Mr George Homostean, the Minister for Internal Affairs, and Mr Gheorghe Chivulescu, the Minister for Justice, were replaced by presidential decrees. Mr Tudor Postelnicu, the head of state security or Securitate, is now the new Interior Ministry. Mr Iulian Vlad, the deputy Interior Minister, has been appointed as head of the Securitate.

This brings the total number of government officials dismissed or replaced since September to 18.

The spate of reshuffles has tended to focus on officials working in the economy. The Ministers for Petrochemicals, for Electrical Power and for Technical and Material Supply were recently dismissed in what observers considered to be a preparation for the coming winter.

In a speech last month, Mr Nicolae Ceausescu, the Romanian President and Communist Party leader, sharply attacked the performance and output of the country's energy supply plants, an indication that he is dissatisfied about current levels of supplies.

Over the past several winters, fuel and energy have been strictly rationed, and even basic things, such as domestic electrical appliances have been banned from use over long periods during the day.

The replacement, however, of the Interior and Justice Ministers seem to go a stage further from the system of "rotating" ministers, which has been a feature of Mr Ceausescu's rule.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: D. Albano, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. Tel: 75980: Tlx. 416193: FAX: 722677

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER, send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y 10022.

# Tour guide strays into Turkish minefield

BY DAVID BARCHARD IN ANKARA

TOURISM IN Turkey's south-eastern provinces can be a dangerous affair, at least for foreign guides who do not stick to the officially-approved version of the area's history.

Though the area is one of the melting pots of Middle Eastern history, with monuments erected by Romans, Arabs, Aramaic-speaking Christian Syriacs, Armenians, Kurds, and Turks, references to any of the non-Turkish groups can land a foreign tourist guide in prison with the prospect of a long sentence.

The latest tourist guide to fall foul of the authorities is Mr Michel Ceraminot, who stands trial this week on charges of promoting Armenian and Kurdish separatism (a serious offence in Turkey) in his remarks to a group of French-holiday makers.

He has been held in prison for three-and-a-half months since he was denounced to the local police by the group's Turkish guide. French embassy attempts to secure his release have proved fruitless, although one diplomat says that there are strong indications that the tourist guide had a grudge against Mr Ceraminot, and that none of the French party supports the allegations against him.

The case was taken up directly in talks in Berlin recently between the French Prime Minister, Mr Jacques Chirac, and his Turkish opposite number, Mr Turgut Ozal.

Several other cases of this sort have occurred in Turkey in recent years. The Turkish authorities not only reject claims that there were government-backed massacres of Armenians during the First World War, but also that Armenian kingdoms or identifiable states ever existed at any point in history - a claim which conflicts with the facts of history as understood in the West.

Another Tourist guide, a German, was held for many months in Diyarbarkir earlier this decade on similar charges, while the deputy manager of the Istanbul office of Lufthansa was put on trial for possessing a globe on which Armenia and Kurdistan were marked.

A trial of the Turkish language edition of the Encyclopaedia Britannica is currently approaching its final stages. The Encyclopaedia was accused of weakening national sentiment by stating that various Turkish towns were under Armenian rule in the Middle Ages.

Patrick Cockburn on Gorbachev's anti-Stalin line

# Moscow rehabilitates a distinguished Bolshevik

THE SOVIET GOVERNMENT has taken the decision in principle to rehabilitate Nikolai Bukharin, the most distinguished of the old Bolshevik leaders executed after a show trial by Stalin in 1938, diplomats say in Moscow.

His rehabilitation, expected to coincide with the 70th anniversary of the Bolshevik Revolution on November 7, is important because it confirms the anti-Stalinist stance of Mr Mikhail Gorbachev's government.

It also has immediate political relevance because Bukharin's name is associated, above all, with the New Economic Policy (NEP) of the 1920s, under which the state kept control of heavy industry but allowed the peasantry to engage in limited private enterprise.

Many of these ideas are now under discussion again as means of boosting agricultural output, the low level of which has been a ball and chain on the Soviet economy ever since Stalin forcibly collectivised 25 million peasant farmers after 1929.

Bukharin, despite years of vilification, has also remained a symbol for a large part of the Soviet intelligentsia of a less despotic alternative to the type of state and society created by Stalin. His real role in history is therefore a live political issue in the Soviet Union in a way that the role of Trotsky or some other senior Bolsheviks is not.

Professor Yuri Afanasyev, head of the Moscow State Institute for Historical Archives and a leading advocate of revising Soviet history, said recently: "at practically all my lectures I am asked: 'what is your approach to bukharin ?'. One does not have to be a narrowly specialised professional historian but simply a human being to say that Bukharin was never a state criminal."

Bukharin, born in Moscow in 1888 the son of a school teacher, joined Lenin's Bolshevik Party in 1906 and went through the usual apprenticeship of political organising, jail and exile. Specialising in economics he was one of the inner core of Bolshevik leaders around Lenin

But it was in the 1920s, particularly after the death of Lenin in 1924, that Bukharin emerged as the main advocate of the NEP. Introduced in 1921, the NEP allowed peasants to sell their produce either to the government or at a market price subject to state taxation, tolerated limited production of manufactured goods by small scale entrepreneurs and sought to keep prices low for manufactured goods for sale in the countryside.

Nikolai Bukharin - accepted at last

These policies rapidly restored the economy to prewar levels of output as rural smallholders, the vast majority of the population of the country, found it profitable to market their surplus and industrial output returned to capacity.

Lenin's calculation, of which Bukharin later became the main advocate, was that so long as the party retained a political monopoly and control of the commanding heights of the economy, concessions to the peasant and the small enterpreneur held no political dangers.

The weakness of the NEP was that it did not produce the capital resources to industrialise the country and the cities were not able to produce enough for the peasants to buy. These problems Stalin resolved by simply expropriating the peasantry and devoting all resources to building industrial plant.

Echoes of the debates of the 1920s have been increasingly common in Moscow over the last 18 months. There is no chance that the collectivisation of agriculture will be reversed but reforms already introduced and likely to be reinforced both increase the scope for family farms, allow state and collective farms to sell a proportion of their output at market prices and encourage private enterprise in provision of services.

Bukharin was probably never a realistic alternative to Stalin as Soviet leader and he described himself as "the worst organiser in Russia." Along with other Soviet leaders after the death of Lenin he was comprehensively outmanoeuvred by Stalin.

Defeated in 1929, Bukharin survived until his appearance as the principle accused in the most famous of the show trials in which he defended himself against charges of espionage and plotting the assassination of Lenin. He was shot on March 15 h 1938 along with 17 other old Bolsheviks after the trial ended.

But in addition to growing fashionability of some of his economic and social theories among present day Soviet intelligentsia the 1920s era is being reexamined with renewed interest as the last period when there was a real discussion of policy options in the Soviet Union.

In August Alexander Chayanov, Nikolai Kondratiev and other economists who had flourished under the NEP and executed in the great purges were also rehabilitated. The importance of this, as with the rehabilitation of Bukharin, is that their views now have the stamp of official approval and their writings will be reissued.

The works of Chayanov, for instance, regarded as the greatest russian agronomist who argued that russian peasant farming could be modernised through cooperatives, are to be issued in four volumes starting next year.

The question of the rehabilitation of Bukharin emerged under Khrushchev in the 1950s but after Leonid Brezhnev came to power in 1964 Soviet encyclopedias still described him as "an anti-Leninist" and "pseudo-bolshevik".

Today an important aspect of the tension between party leaders who want thoroughgoing political reform and those who want "perestroika without excesses" is differing attitudes to the 1930s and above all to collectivisation of agriculture and to the great purges.

In this debate the degree to which it is admitted that there were alternative policies to those ultimately pursued by Stalin is of great significance. The way Soviet society is run jelled during the 1930s and the return to political respectability of Bukharin is a measure of the degree to which that mould can now be broken.

US BINARY WEAPONS PRODUCTION THREATENS TREATY, SAYS GENERAL

# Soviet anger at chemical arms plan

BY WILLIAM DULLFORCE IN MOSCOW

THE US decision to resume production of chemical weapons on December 1 was harshly criticised by the Soviet Union yesterday.

President Ronald Reagan's programme to make so-called binary weapons could torpedo the international convention banning chemical weapons now close to completion in Geneva, Lt-Gen Anatoli Kunsevitch, deputy head of the Soviet chemicals warfare department, said.

Moscow's attack was launched at a news conference in the Foreign Ministry marking the end of the visit by more than 100 foreign diplomats, defence experts and journalists to the Soviet Union's hitherto super-secret chemical weapons site at Shikhany.

No other country in history had put its chemical weapons on display as the Soviet Union had done at Shikhany, Col Gen Vladimir Pikalov, head of Soviet chemical warfare forces, said. Its openness meant that the fate of the chemical weapons convention now depended not on technical issues but on political decisions.

Mr Victor Karpov, head of the Foreign Ministry's arms control department, accused the US of marking time on the convention. Nothing positive on chemical weapons had emerged from the meeting in Washington last month between Mr George Shultz, the US Secretary of State, and Mr Eduard Shevardnadze, his Soviet counterpart, Mr Karpov said. It was difficult to understand why the US was starting a new spiral in the arms race, if it wanted to conclude a chemical weapons ban.

The US stopped making chemical arms in 1969, while the Soviet Union continued until Mr Mikhail Gorbachev announced last April that it was to cease production. Mr Max Friedersdorf, head of the US delegation at the Geneva talks, explained that Washington's new programme to manufacture binary weapons was being undertaken to counter the imbalance between Soviet and US stockpiles of chemical weapons.

But, he added, the US Congress would be pleased to discontinue the programme, if a treaty banning chemical weapons were reached. Why was it more difficult for the Soviet Union to negotiate, while the US produced binaries, than it had been for the US to go on negotiating for the past 12 years while the Soviet Union was manufacturing chemical weapons, Mr Freidersdrof asked?

Binary weapons contain two harmless chemicals which become lethal when combined. Some US and Nato officials believe that the US decision to make them has been instrumental in motivating Moscow to push hard this year for a chemical weapons ban and to make

Kunsevitch: warning

major concessions, such as accepting other countries' right to inspect its plants on challenge.

France, too, came under Soviet fire yesterday. The French demand that countries with smaller chemical warfare capabilities should be allowed to retain stocks and go on modernising their weapons until the superpowers' had reduced theirs raised the question whether a complete ban could be achieved, Mr Karpov said.

Soviet spokesmen dealt roughly with the doubt voiced by some visitors to Shikhany that all Soviet chemical agents and weapons had been shown and with calls for Moscow to declare the localities and size of its stockpiles.

Col Gen Pikalov insisted that the Soviet Union had at its disposal 'no special types of chemical weapons not possessed by the West.' He maintained that Soviet stocks were only on a par with those of the West.

Moscow would disclose its stockpiles once the convention had been ratified, he stated. So far, no other state had put figures on the volume of its stocks (the US has given percentages for the different types of chemical agents held).

At the end of the news conference US officials handed out a US army paper disclosing the locations of its eight stockpiles on the US mainland and one on Johnson Atoll in the Pacific.

Western officials argue that Moscow must provide more information about its stockpiles before a convention can be agreed. A hint that their argument might be heard came in an obscure remark by Col Gen Pikalov that 'on the basis of confidence-building measures these questions might be resolved by the decisions of political leaders.'

● Mr Karpov was far more optimistic about the prospects for a US-Soviet agreement to destroy their intermediate-range nuclear weapons. Negotiators in Geneva should be able to conclude a draft agreement in time for Mr Shultz's visit to Moscow towards the end of November.

# Chirac backs wider defence links with UK

BY IAN DAVIDSON IN PARIS

Franco-British defence co-operation "in all fields", including nuclear, has received new support from Mr Jacques Chirac, the French Prime Minister.

In an interview in the weekly news magazine Le Point, Mr Chirac has reiterated his advocacy of a stronger and more independent European defence effort, starting with the Franco-German relationship.

But he has also, more interestingly, endorsed the idea that there is "an evident convergence of interests between Great Britain and France, both of which have national deterrents and make a decisive contribution to the security of Europe".

In March, Mr Andre Giraud, the French Defence Minister, and Mr George Younger, his British counterpart, agreed that they would start discussions on defence co-operation, including the background issues affecting their two countries' nuclear deterrents. During the past six months they have had a series of meetings on the subject, including one last week, at which the French were manifestly more keen than the British to emphasise the nuclear aspect.

This technical rapprochement between the two defence ministers has until now appeared to be out of step with the purely political, not to say ideological, inclinations both of the Prime Minister's office and of the Presidency.

Traditionally, Gaullists have stressed the differences between Britain and France on the nuclear issue, making much of the contrast between France's independence, and Britain's dependence on the US.

It has also been sustained by the constant public manoeuvring between Mr Chirac and his putative rival in next spring's presidential elections, President Francois Mitterrand, in which both men have sought to claim the legitimacy of General Charles de Gaulle's strategic heritage, starting with the special relationship between France and West Germany.

Mr Mitterrand stole a publicity march on the Prime Minister last month, when he announced, at the conclusion of large-scale Franco-German military manoeuvres, the projected establishment of a Franco-German Defence Council, which, he suggested, might eventually be joined by Italy and Spain. What made this suggestion particularly pointed, was the omission of any reference to Britain.

In his Le Point interview, Mr Chirac took a sour view of the idea of a Franco-German Defence Council, warning that "symbolic steps, however spectacular, could in the end lead to disappointment for those who were hoping for a great deal more."

But he also gave more emphasis than has been customary to the importance of Franco-British relations.

"Nothing lasting can be done in Europe," he said, "without a profound understanding between France and Germany. But there are other realities of which we must take the greatest account. I am thinking in particular of the obvious convergence of interests between Britain and France...Our two countries have a natural vocation to co operate more actively in every domain."

# Danish tax shift aimed at boosting exports

By Hilary Barnes in Copenhagen

DENMARK'S MINORITY coalition Government is devising tax adjustments to improve the international competitiveness of Danish business by almost 10 per cent over the next three years, Mr Palle Simonsen, the Finance Minister, said yesterday.

"We hope to get the benefits of a devaluation without the negative consequences," he said.

A programme of improved depreciation write-offs and more liberal rules for the use of tax-free investment reserve allocations would improve export competitiveness by 3 to 4 per cent, he estimated.

These measures would be topped up by changes in employer social security taxes, which will both be reduced and levied on a different basis than the present per capita system, he said. The details, however, were still being worked out.

The two sets of measures will be among the main items in the Government's programme for the coming session of the Folketing. This resumes work today following the September 8 general election, with a policy statement from Mr Poul Schlueter, the Prime Minister.

The coalition was weakened by the election, which did not, however, provide a basis for an alternative government. Mr Schlueter has already warned that if the Government was unable to carry on, he would call another election.

The country faces two years of negative GDP growth in 1987 and 1988, with a decline of 0.75 per cent in each year, according to forecasts published yesterday by the Economy Ministry.

Export market shares will be lost as a result of an increase in hourly wage rates in the private sector of 9.5 per cent in 1987 and 7.75 per cent in 1988, said the survey.

But there will be a decline in domestic demand and imports, with the current external account deficit declining from last year's record DKr 34.5bn (£3bn) to about DKr 20bn in both 1987 and 1988, it predicted.

Unemployment is expected to rise from 8.2 per cent this year to 9.2 per cent in 1988, while consumer prices increase by 4 per cent in 1987 and 3.5 per cent in 1988.

# France casts off its kid gloves in anti-Eta campaign

BY DAVID WHITE IN MADRID

THE HANDING over to Spanish police of between 40 and 50 Basque exiles in the course of the weekend and yesterday morning marks a change of gear in France's collaboration with the Madrid authorities in combating terrorism.

The deportations bring to more than 130 the number of Spanish Basques handed over after being detained on the French side of the border since July last year when the Chirac government invoked controversial new procedures against residents allegedly linked to the Eta terrorist organisation.

Up to now the expulsions had been made one or two at a time, demonstrating French cautiousness in the face of possible violent reactions in the French Basque region.

The latest deportees, including several accused of involvement in Eta killings, were among about 100 held by French police in their biggest-ever round-up of Eta suspects, following the arrest a week ago of one of Eta's leading figures, Mr Santiago Arrospide, alias Santi Potros. Several others were expected to be expelled from France to Algeria.

Numerous arrests have also been made in the Spanish Basque country and in Saragossa on the basis of documents found by French police. Spanish newspapers said the documents showed that Eta had been planning to kidnap or assassinate a senior Spanish banker, Mr Rafael Martinez Cortina, vice-chairman of the state-controlled Banco Exterior de Espana.

Meanwhile, Mr Felipe Gonzalez, the Spanish Prime Minister, called in the former centrist Premier, Mr Adolfo Suarez, for a surprise meeting yesterday in his bid to forge a consensus on terrorism between different political parties.

Mr Jose Antonio Ardanza, president of the Basque region's coalition government, said yesterday that the French action was not necessarily the biggest blow against Eta in recent years but was certainly "very important."

The extremist Basque party Herri Batasuna (People's Unity) said it was part of a planned campaign of repression to force imprisoned and exiled Basque militants to accept Madrid's offer of "reinsertion." Some 1,500 people demonstrated in the Spanish Basque resort of Zarauz on Sunday against the French round-up and French cars were set alight in San Sebastian and Pamplona.

# Current account deficit in Greece nearly halved

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE HAD a current account surplus for the second month running in August, reducing the deficit for the first eight months to $712m compared to $1.31bn for the same period last year. Under a stabilisation programme launched two years ago, the authorities aim to reduce the current account deficit from $1.704bn in 1986 to $1.25bn this year.

The improvement mainly reflects a 33.3 per cent increase in invisible earnings, including a 20.7 per cent rise in tourism revenue, a 37.2 per cent rise in worker remittances and a 52 per cent increase in European Community receipts, which reached $1.349bn in the January-August period compared to $887.6m in the first eight months of 1986.

By contrast the trade deficit widened by 19.7 per cent, to $4.555bn, reflecting an increase in both oil and non-oil import costs coupled with a fall in revenue from petroleum related exports. Non-petroleum export earnings went up by 22.9 per cent.

The Bank of Greece noted that the improvement in the current account had been accompanied by an increase in non-debt private capital inflow, which reached $834m in the first eight months of this year, compared to $673m in the same period in 1986. Thus net foreign borrowing in the first eight months, which reached $938m, was used to boost foreign exchange reserves. Excluding gold, these went up from $1.109bn at the end of 1986, to $2.504bn at the end of August.

# Bonn signs pollution pact with Prague

By Leslie Colitt in Berlin

WEST GERMANY yesterday signed an environmental protection agreement with Czechoslovakia which, along with East and West Germany, is a major polluter of the air in central Europe and the alleged source of acid rain which is destroying forests in northern Bavaria.

The accord followed one between East and West Germany last month. They are expected to lead to a transfer of West German anti-pollution technology for use in lignite-fuelled power stations in the two Eastern countries which are the chief polluters.

Under yesterday's agreement there is to be a reduction in cross-border air and water pollution (the Elbe River rises in highly industrialised northern Bohemia and crosses East and West Germany) by using sulphur dioxide 'scrubbers' in power stations and jointly-developed water pollution equipment.

Czechoslovakia emitted 3.3m tonnes of polluting sulphur dioxide into the air in 1982, according to a study last year by the German Institute of Economic Research (DIW). East Germany emitted 5m tonnes and West Germany 3m.

The report expressed doubt whether Czechoslovakia could reduce its emissions by 1993 to 30 per cent below the level of 1980 as it pledged last year to the Economic Commission for Europe.

Co-operation between West Germany and its Eastern neighbours on environmental protection is now closer than between the members of Comecon, whose officials mainly accuse each other of being the worst polluters.

Comecon's Environmental Protection Council holds general discussions on 'major tasks' up to the year 2000 but there is little action. The main reason is the enormous cost involved in cleaning up the environment, and the lack of adequate technology.

Most Comecon countries have long had legislation to punish their environmental offenders but fines are normally low. Many state factories calculate the costs of such fines as part of their overall operating expenses.

# Kuwait pushes for diversified economic base

BY ANDREW WHITLEY IN KUWAIT

THE TRANSFORMATION of Kuwait from an oil-based economy to a centre for globally integrated service industries, utilising the country's immense financial resources, has been foreshadowed by a senior Kuwaiti official.

An internal debate on the visionary plan is under way within the ruling elite, according to Dr Fahed al-Rashed, managing director of the Kuwait Investment Authority, KIA, who said decisions were likely within the coming 12 months.

The change of focus results from a longstanding awareness of the sheikhdom's vulnerability to oil price fluctuation, coupled with a more recent realisation that its non-oil sector remains very small and growth potential may well be inadequate.

Emerging from a four-year recession – from 1982 to 1986 – preceded by 20 years of uninterrupted, exponential growth, this wealthy mini-state has thus taken the opportunity to make a far-reaching reassessment of where it should be heading next.

The KIA head, one of the most respected figures in the administration, said a clear preference had emerged for Kuwait to capitalise on its historic preference for trade over industry.

"We are not an industrial or agricultural society," he said. "We are a trading country and people."

Kuwait could become both a base for regional services and the headquarters for any area of business which would benefit from the integration of worldwide interests, explained Dr Rashed.

Nor would this be restricted to financial services, such as the offshore banking neighbouring Bahrain has made its speciality.

One possible investment area was the hotel industry. With foreign reserves of $86bn – exceeding those of Saudi Arabia – and investment income last year estimated at $8.9bn, the oil producer thus appears poised to put its financial muscle to more productive use than simply acquiring the best possible return on a highly diversified investment portfolio.

In approaching what could be a seachange of historic importance, the Supreme Planning Council, an appointed body with representatives from government and the private sector, was said to be also taking into account the country's small, but well educated, population, its 100-year oil reserves and the absence of external borrowing.

Although there are still too few qualified personnel, during the 1960s and 1970s Kuwait's physical and institutional infrastructure was almost completed, preparing it to enter this next phase of its development.

According to Dr Rashed, over the years Kuwait has deliberately spread its foreign investment risks as widely as possible in terms of geography, currencies and types of assets.

The interest of a decade ago in acquiring significant equity holdings in the industrialised economies has long faded. In its place, the senior official noted the attractiveness for Kuwait these days of natural resources-based economies.

# Egypt votes for president

BY TONY WALKER IN CAIRO

EGYPTIANS WENT to the polls yesterday in a presidential election that appeared to excite little enthusiasm among the populace.

The election campaign, orchestrated by the state propaganda apparatus, has been characterised by some extravagant claims of mass support for President Hosni Mubarak.

Mr Mubarak, who is generally regarded as having performed creditably under difficult circumstances, was the sole candidate nominated by the Peoples Assembly. Mr Mubarak's centrist National Democratic Party controls three-quarters of the seats in parliament, where a two-thirds vote is needed to endorse a presidential candidate.

Egypt's 14m voters were then asked to either vote "yes" or "no" in a national plebicite.

A man carries a child wounded by gunfire in Lhasa last week

Colina MacDougall on the background to last week's bloody riots

# The spark which lit a Tibetan fire

TENSION HANGS over the streets of Lhasa, capital of the wild mountain region of Tibet, as it awaits the 37th anniversary of the Chinese occupation on October 7. The Chinese are licking their wounds after two demonstrations last week calling for more freedoms and Tibetan prisoners are still languishing in gaol - a focus for more disturbances.

Last month two monks were executed and a third Tibetan sentenced to death for "criminal activities" in a clean-up ordered all over China to precede this month's meeting of the Party Congress. The executions seem to have been, in the late Chairman Mao's words on another occasion, the spark which started the prairy fire.

The troubles began with a demonstration nine days ago in Lhasa, the first overt Tibetan-Chinese confrontation for 10 years. Some Tibetans were arrested, and on October 1 monks again took to the streets of Lhasa, calling for freedom and the release of the prisoners. This ended in bloodshed on both sides, confirmed by tourist eyewitnesses, with Tibetans saying that 19 people had died.

Foreigners in Lhasa last week were impressed with the strength of feeling against the Chinese. Tibetan monks appeared ready to give up Buddhist non-violence in favour of taking to guns, while underground pamphlets called for United Nations support.

The Chinese, always highly sensitive to events in Tibet because of their doubtful right to be there and their consciousness of Tibetan nationalism as an enduring factor, have been temporarily floored by these events. Last Saturday they unwisely put the blame on the Dalai Lama for the violence, and on Sunday shifted it to two American visitors in Lhasa. Calling the Dalai Lama names alienates Tibetans still further and attacking the US risks damaging their key relationship with Washington.

For more than a millennium Tibet has been Buddhist, ruled by Lamas for over 600 years, and specificially by the Dalai Lamas since the 17th century. "Buddhism is like the Catholic church in Poland," said Mr Frederic Hyde Chambers, unofficial spokesman for the Dalai Lama in London. "The priests are the leaders in the cause for independence."

Tibetans now fear the total destruction by the Chinese of their distinctive culture, and had been pressing the Dalai Lama to attract world attention to their plight. In recent years their alarm at ethnic Chinese immigration has soared. "Chinese see Tibet as just one more tourist resource to be exploited," said one observer.

According to the Dalai Lama's statement in Washington last month, the population of ethnic Chinese on the Tibetan plateau (which includes Qinghai province, traditionally part of Tibet, as well as the Tibet Autonomous Region) is now 7.5m, compared to only 6m Tibetans.

On and off through the centuries Tibet had a loose religious and political relationship with the Chinese Emperor until the fall of the Manchu dynasty in Peking in 1911. Then, for 40 years the two countries went their separate ways. When Communism triumphed in China in 1949, Chinese armies invaded Tibet and set about spreading the Marxist faith.

When Chinese policies tightened in the late 1950s, Tibetans revolted and the Dalai Lama and many supporters fled to India.

Horrific damage was done to Tibet in the 1966/76 cultural revolution. At the end, only seven out of around 6,000 temples remained standing. More than 1m Tibetans died in those years as a result of Chinese policies. While the now disgraced former party general secretary Hu Yaobang apolgised to the Tibetans in 1980 for Chinese behaviour, Tibetans believe that the repairs since then to the monasteries are due almost entirely tothe needs of the profitable tourist industry.

Since May, the Dalai Lama, aware of the rising tension within Tibet, has been seeking Western support in a move to pressure the Chinese into reopening discussions on the status of Tibet. He is not seeking independence for the territory, but a Chinese military withdrawal, an end to Chinese immigration and the restoration of human rights and democratic freedom.

If the Chinese do not withdraw, he noted in Washington last month, "Tibetans will soon be no more than a tourist attraction and relics of a noble past."

# Maxwell in Macao TV talks

By David Dodwell in Hong Kong

**MR ROBERT MAXWELL, chairman of of Maxwell Communications Corporation of the UK, yesterday flew into Hong Kong in his private jet for discussions in the nearby Portuguese territory of Macao on the purchase of a proposed Cantonese language television channel.**

**At the same time, television authorities in Hong Kong and Macao remain in dispute over plans being prepared by Teledifusao de Macao, the Portugese territory's television monopoly, to boost the strength of transmission signals so that viewers in Hong Kong can watch their programmes.**

**Hong Kong authorities are alarmed that they will have no censorship powers over TDM's programmes. They also fear that cigarette advertisers, recently banned from Hong Kong screens, will use TDM as a "backdoor" to the British territory.**

# African nightmare of the would-be trader

BY NICHOLAS WOODWORTH IN ABIDJAN

SECURING A £500,000 bank loan to set up a new business can be difficult in the West. But in Africa, obtaining private sector finance can be nightmarish. Government obstruction, inaccessible lines of credit and unscrupulous European contractors may be just the beginning of a would-be entrepreneur's trials.

Mr Jean-Baptiste Kwame is typical of a growing number of African businessmen who, having established themselves as traders, wish to set up in local manufacturing. A year ago Mr Kwame, a Cameroon businessman with savings of $540,000, decided that rather than investing overseas he would put his money into Cameroon's nascent agro-business.

A feasibility study indicated that with a $1.6m investment an egg and poultry production unit just outside the capital of Yaounde would yield a comfortable profit margin.

A local government-owned development bank agreed to finance the project, and the turnkey construction contract was awarded to a Belgian company.

Six weeks after building began the Belgian contractor decided to abandon the project - the Cameroon bank had defaulted on another financial venture in which the company was involved.

Mr Kwame's egg and poultry project would never have succeeded in any case. Without technically competent credit controllers the Cameroon bank had been incapable of judging the feasibility of the project. And Kwame himself, impressed by the superior knowledge shown by his European contractors, never dreamed that he was not in the best of company.

The Belgian company had in fact done what has been done countless times in Africa: sold as much machinery with as little investment on its own part as possible. They had broken almost every rule of veterinary science, and Kwame's investment would would have been wiped out with the first inevitable wave of poultry disease.

Such are the risks taken by every African entrepreneur seeking to get a business initiative off the ground, according to the Africa Project Development Facility (APDF). Devoted to the promotion of free enterprise in Africa, the Facility, operational since 1986, is currently assisting 27 projects in West Africa alone.

Sponsored by the UN Development Programme, the International Finance Corporation, and the African Development Bank, the APDF is funded by a $17m contribution from 12 Western donor nations including the US, Germany, Switzerland, Canada and Belgium. With a brief to support medium-sized projects with an investment range between $0.5m and $5m, it is targeted on initiatives that are neither small enough to be financed through local banks nor eligible for larger loans granted by Western agencies for public sector development.

The APDF does no financing itself. It puts African entrepreneurs in touch with commercial lending institutions and reputable contractors. It then arranges financing packages for them. In theory, APDF has no objection to working with African banks and contractors. In practice, almost all loans and contracts are issued from Europe.

'This is a free market operation', says Mr Pierre Gyss, a project development expert with APDF. 'Our sole aim is to make available to the entrepreneur the best service at the lowest price. If an African bank can provide that, that's fine. Usually it can't.'

In addition to arranging turnkey packages, APDF conducts the pre-feasibility studies that African lending institutions are not usually equipped to carry out.

Most free enterprise projects in Africa fail, says Mr Gyss, because they are conceived in ignorance of market and international banking conditions. 'African entrepreneurs make highly successful short-term operators', he says. 'But when it comes to long-term higher finance, they can be hoodwinked by devices as simple as good letterheads and glossy brochures.

In the short time they have been in existence, APDF's regional bureaux in Abidjan and Nairobi have assisted projects ranging from prawn-packing plants and zip-manufacturing to diamond-cutting

If the future of free enterprise in Africa remains uncertain, APDF continues to encourage growth. With the APDF name now beginning to have an impact on banks and entrepreneurs alike, staff expect demands on their services to multiply.

There is no telling how healthy the private sector in Africa may be in 10 years from now, but one thing is fairly certain: if you eat a chicken dinner in a Yaounde restaurant it is probably one of Mr Jean-Baptiste Kwame's birds. His was one of the businesses that this year, with a little help from APDF, finally got off the ground.

# Ford and VW in Brazil suspend sales of cars

BY ANN CHARTERS IN SAO PAULO

THE holding company for Ford and Volkswagen in Brazil, Autolatina, suspended domestic sales of cars last week, citing an unacceptably low price increase authorised by the Government. Car manufacturers had requested 30 per cent rises and were granted 10.84 per cent.

Mr Wolfgang Sauer, president of Autolatina, said at the weekend that car manufacturers were becoming decapitalised as a result of successive government decisions to allow price increases that did not cover costs. Companies should not be in the business of subsidising cars for consumers as part of the Government's attempt to control inflation, he said.

The domestic market will not feel the effects of Autolatina's decisions immediately because car dealers have some stock. But since Ford and Volkswagen account for 56 per cent of the domestic market, a prolonged refusal to supply their dealerships will have a strong impact. Together the companies sell 26,000 cars a month through 1,200 dealers.

Mr Sauer is to meet Mr Luiz Carlos Bresser Pereira, the Finance Minister, today about government price control in the industry. Among the topics will be discussion of a protocol agreement signed last April between Mr Dilson Funaro, then Finance Minister, and Anfavea, the National Association of Vehicle Manufacturers, in which the car manufacturers agreed to increase exports and invest in the industry in return for realistic price increases and a gradual reduction in taxes, which account for half the retail price of cars.

Investments have continued in the industry, albeit at a reduced pace, with Autolatina alone investing $160m, according to an interview with Mr Sauer published in Veja, a weekly news magazine, but the Government allegedly has not kept its end of the deal. Mr Sauer said that Autolatina had run up a loss of $70m this year, which could reach $100m by December.

Mr Sauer, when he was inaugurating a dealership in Sao Paulo state last Friday, warned that Brazil's car industry ran a 'serious risk of turning into scrap iron, as happened in Argentina.

US CHIP INDUSTRY FORECASTS STRONG ADVANCE IN WORLDWIDE CONSUMPTION

# Semiconductors poised for growth

BY LOUISE KEHOE IN SAN FRANCISCO

THE WORLD semiconductor industry is heading for a period of strong growth, according to the US Semiconductor Industry Association. It predicts a sharp increase in shipments and in the consumption of semiconductors, especially in Asia.

"The worldwide semiconductor industry is in the midst of a sustainable economic upturn. We are closing the books on one of the most painful downturns in our history," the association declared in its annual industry forecast.

Total worldwide semiconductor shipments, estimated at $32.1bn for 1987, will rise to $45.2bn by the end of the decade, the trade group said. Shipments in 1988 are predicted to rise to $37.8bn.

The industry trade group projected a growth rate, measured in dollars, of 21.8 per cent in 1987. The rise in the value of the yen in relation to the dollar, however, reduces the growth rate to 12.9 per cent.

The impact of currency swings upon the semiconductor market "is indicative of just how global our industry has become and how important the Japanese marketplace has become," said Mr Wilfred Corrigan, chairman and chief executive of LSI Logic.

The US market, which totalled $8.5bn in 1986, should grow by 20 per cent in 1987 and 1988 followed by growth of between 6 and 12 per cent annually bringing total semiconductor consumption in the US to $14.5bn by 1990.

The Japanese market, which has outgrown the US market, is expected to go through a similar growth pattern to reach $17bn by the end of the decade.

In Europe, consumption is expected to grow by 17 and 13.5 per cent this year and next, respectively, followed by moderate growth in the last two years of the decade creating a $8.3bn market by 1990.

The most dramatic increases are, however, taking place in the "rest of the world" market, which includes such Asian electronics centres as South Korea, Taiwan, Singapore and Hong Kong.

Consumption of semiconductors in this sector is expected to more than double by 1990 from about $2bn in 1986 to $5.4bn by the end of the decade. None the less, almost 90 per cent of semiconductor consumption will remain in the big three markets of the North America, Japan and Western Europe, Mr Corrigan pointed out.

Trade tensions between the major semiconductor producing countries will continue to increase, Mr Corrigan predicted. "More than a year after the US Japanese semiconductor trade agreement was signed, the Japanese still are manipulating prices and supplies by centrally controlling semiconductor production. In addition, US companies now have a lower market share of the Japanese marketplace than before the agreement was signed."

# El Salvador talks adjourned

GOVERNMENT and guerrilla leaders have adjourned peace talks in El Salvador and agreed to resume them later, Reuter reports from San Salvador.

Sunday's session, which lasted seven hours, took place against a background of widespread scepticism that the talks would result in an early end to the Salvadorean civil war, which has killed more than 60,000 people.

El Salvador's senior Roman Catholic Church prelate told reporters "the atmosphere is very interesting for dialogue."

Archbishop Arturo Rivera y Damas did not elaborate, but his deputy, Monsignor Gregorio Rosa Chavez, had said earlier that the two sides had worked out a four-point agenda and had agreed on one point before adjourning.

The meeting resulted from a peace plan for Central America signed by five presidents, including President Duarte, in August. The pact provides for amnesties, democratic reforms and ceasefires in the civil wars of El Salvador, Nicaragua, and Guatemala by November 7.

# Californian earthquake claims set to reach $108m

BY OUR SAN FRANCISCO CORRESPONDENT

THE CALIFORNIA Office of Emergency Services has issued a preliminary damage assessment of $108m of which $100m is for damage to privately owned structures and $8m to public facilities including roads, state and local government buildings.

The assessment is, however, very preliminary and does not represent total losses, officials said.

Not included in the estimate is the additional damage caused by an aftershock measuring 5.5 on the Richter scale that occurred early on Sunday morning and smaller shocks yesterday.

There have been more than 100 tremors since the big earthquake, which measured 6.1 on the Richter scale first hit on Thursday during the morning rush hour.

According to seismologists at the California Institute of Technology in Pasadena, the aftershocks may continue for days or weeks and could be strong enough to cause additional substantial damage. The death toll from the quakes is now officially set at three with four fatal heart attacks also blamed on the earthquakes.

Hundreds of people have also been injured although few serious injuries have been reported. An estimated 10,000 Los Angeles residents, most of them immigrants from South America with memories of devastating earthquakes in Mexico, El Salvador and Guatemala, continue to camp in city parks for fear that their homes may collapse.

Damage is most severe in the suburban city of Whittier, close to the epicentre of the quakes.

# Republicans resist new tax moves in Congress

BY LIONEL BARBER IN WASHINGTON

CONGRESSIONAL Republicans, following President Reagan's lead in opposing tax increases to cut the Federal budget deficit, are resisting Democrat efforts to write new legislation aimed at raising revenues.

The Republican guerrilla campaign has raised fears among Democrats that they may have to swallow an unpalatable alternative to tax rises: $23bn of across-the-board cuts mandated under the revised Gramm-Rudman-Hollings budget balancing law passed last week.

Democrats, who have majorities in both the House of Representatives and the Senate, are afraid they may face unpopular cuts in social programmes prior to next year's presidential election.

Republicans on the tax-writing House Ways and Means committee resisted efforts last week aimed at drawing up a $12bn tax increase which the Democrats want as part of their $23bn deficit reduction package.

Congress is due to adjourn on November 10 at the earliest which still leaves several weeks to iron out differences on the budget for fiscal 1988, which began on October 1 this month.

# US court denies libel appeal

THE US Supreme Court denied a bid by Mr William Tavoulareas, former Mobil president, to reinstate a $2m libel award against The Washington Post for a 1979 article about his business dealings with his son, Reuter reports from Washington.

The justices, without comment, let stand a US Court of Appeals ruling last March that threw out the libel award against the newspaper, for an article that said Mr Tavoulareas set up his son in a shipping firm that did business with Mobil.

The article said Mr Tavoulareas in 1974 used his influence to set up his son, Peter, as a partner in the London-based Atlas Maritime Co, a firm that had a multi-million dollar contract with Mobil.

**David Gardner** in Mexico City on the PRI leadership selection

# Youth and ability win day for Salinas

WHEN CARLOS Salinas de Gortari arrived at the Mexico City headquarters of the Institutional Revolutionary Party (PRI) on Sunday he looked the very image of the Harvard-trained technocrat that he is.

His dark, grey-suited sobriety looked almost a calculated reproach to the strong strain of populism in Mexico's long-ruling party, which had bussed in tens of thousands of workers and peasants to acclaim him as the future President of Mexico.

Yet in the end it has been Mr Salinas's political abilities, as much as his acknowledged skills as an economic manager, which must have decided President Miguel de la Madrid to choose the young Planning Minister as his successor, in preference to superficially more obvious candidates.

Mr Salinas, at 39 the youngest member of the Mexican Cabinet, has fought a long, disciplined campaign, both in furtherance of the Government's programme to redesign the foundations of the Mexican economy and in pursuit of his own ambitions.

The key throughout has meant Mr Salinas's intellectual empathy with Mr de la Madrid, with whom he has been associated since the President was a deputy treasury minister in 1976. This relationship, which goes beyond the almost sycophantic loyalty which all ministers express towards Mexico's hugely powerful presidents, means that he has understood more clearly than his rivals what it is that this particular president has tried to achieve.

Mr Salinas has a mind that 'the President positively drools over,' according to a former close associate of them both.

In June 1986, Mr Salinas, in alliance with Mr Manuel Bartlett, his powerful rival at the Interior Ministry, saw off Mr Jesus Silva Herzog, the charismatic Finance Minister and Cabinet star still widely viewed as the man who would have been the most plausible next president.

Mr Silva resigned in the middle of bitter negotiations with Mexico's creditors, accused by the regime of being disloyal, of not being a team player, and of exceeding his powers by warning publicly that Mexico might break with the IMF and call a moratorium on its $100bn foreign debt.

In retrospect, what Mr de la Madrid almost certainly feared was that his structural reforms would be submerged under the wave of populism which would inevitably follow a popular move like a moratorium. Mr Salinas understood this; Mr Silva apparently did not.

The Planning Minister, with Mr Silva's successor at the Treasury, the financial technician Mr Gustavo Petricioli, continued with a hard negotiating, rather than confrontational, stance, which is all Mr de la Madrid feels can be achieved under his government, as he underlined last month in his state of the nation address.

Then, this June, came what at least publicly was the decisive stand-off with Mr Alfredo del Mazo, the Energy and Parastate Industry Minister, whom Mr Salinas is understood to have slapped down three times in Cabinet because of his timid approach to restructuring the public sector and towards accelerated import liberalisation.

In two set pieces as dramatically precise as classical ballet, both men organised international seminars in June- Mr del Mazo's on 'industrial reconversion,' Mr Salinas's on 'structural reform and economic modernisation.'

Mr del Mazo held a sumptuous reception at a plush resort, with a ragbag of off-the-peg speakers, designed to be an overwhelming show of corporatist muscle by assembling Mexico's political clans and barons in apparent support of his candidacy.

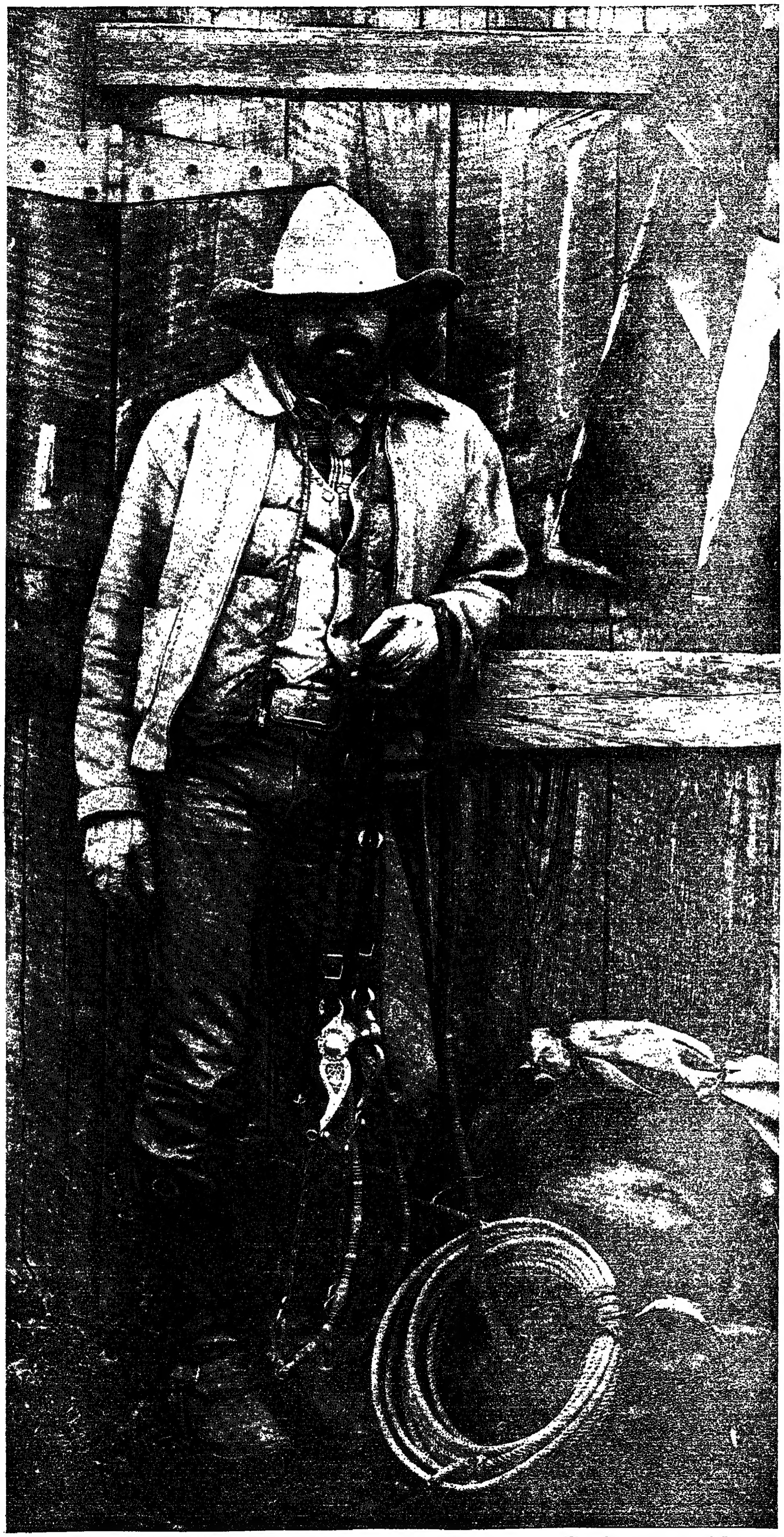
Mr Salinas, by contrast, assembled top-flight economic advisers to the Soviet and Chinese leaderships, assorted experts from Thatcherite Britain, Reagan's US, and open-market Turkey and industrialists from South Korea to Argentina,all to say: 'We have done, or are doing, what you are t rying to do.'

The Planning Minister thereby placed what will be seen as the de la Madrid's government's achievement -provided these structural reforms are consolidated by the next administration - not only in the mainstream but in the vanguard of world economic development.

Mr Salinas obviously persuaded Mr de la Madrid that it is he who understands and is persuaded of the reforms, and has the political ability to guarantee them. And not only the traditional regime corporatist skills, seen both in the infighting and the effortless fusion of style and content displayed at the seminar.

Mr Bartlett, aged 50 and more from the second generation since the 1910-17 revolution than the third generation being inaugurated by Mr Salinas, has this sort of skills in abundance. But it was members of the planning minister's formidable team which, for example, took on in public debate the populists grouped in the dissident Democratic current inside the party, showing some ability to convince.

This is a skill which will be at a premium if policies which promise growth only in the medium term are to be persevered with. The Democratic Current is led by Mr Cuauhtemoc Cardenas, 52, who is calling for more democracy



# Australian consortium quits HK rail scheme

By David Dodwell in Hong Kong

A CONSORTIUM of Australian companies headed by Leighton Construction (Asia) has withdrawn from a HK$1bn contract to build the first phase of a light rapid transit railway system in Hong Kong's western new territories.

The withdrawal comes after a three-month dispute over the suitability of land to be used for a residential and commercial property development linked with the railway system.

The Kowloon Canton Railway Corporation (KCRC), which is responsible for the project, and property developer Sun Hung Kai real estate developers, announced yesterday that they would proceed without the Leighton consortium.

Leighton consortium won the contract for the light rapid transit in July 1985 after a fierce bidding contest in which it received powerful backing from the Victoria State government in Australia.

The Metropolitan Transit Authority of Victoria (MTA) was to play a major part in training KCRC staff to operate the system and to establish working routines. MTA operates Melbourne's light rail system, one of the largest in the world.

# US-Canada trade pact wider than expected

By DAVID OWEN IN TORONTO

DESPITE the last-gasp nature of the deal, the US-Canada trade pact agreed over the weekend appears to be broader in scope than most had imagined possible.

While some elements, like the agreement to phase out bilateral tariffs and the imposition of fresh limitations on Canada's ability to screen US investment, were widely anticipated, and the agreement appeared rather vaguely expressed in many areas, other commitments came as a major surprise.

The principal achievement in the package, from the Canadian viewpoint, is the US's acceptance of the creation of a binational panel to play a role in the dispute-settlement process.

The tribunal would act after trade complaints on subsidies, anti-dumping and import surges are decided in each country, using domestic trade laws. Already, however, there is disagreement between the two sides on the precise extent of the panel's powers.

The US version portrays the tribunal as a court of last appeal. It will apply existing standards of judicial review in the law of the importing country and thus will be able to overturn US Commerce Department and International Trade Commission rulings only if they are not supported by "substantial" evidence or are otherwise not in accordance with US law. A party taking action inconsistent with the panel recommendation or other agreed solution, the US summary adds, will have to "justify its action and will risk countermeasures by the other party".

The Canadian version states more simply that either government can seek a review of an anti-dumping or countervailing duty ruling by a bilateral panel with binding powers.

Both sides have also agreed to retain existing national laws and procedures dealing with subsidies and dumping. The status quo appears to protect Canada's existing, politically sensitive, regional development subsidies.

However, observers feel that these could ultimately be affected by a commitment to write new trade rules over a five-year period, with a possible three-year extension. The trade tribunal will eventually operate under the new rules.

For the moment too, Canada's vulnerable brewing industry, its farm product marketing boards and the bulk of its cultural sector and social programmes would remain untouched.

The US has, however, won greater access to the Canadian wine market and the elimination of grain transportation subsidies for products moving through western Canadian ports to the US.

In return for its flexibility on the disputes settlement issue, the US has won a commitment to eliminate bilateral tariffs, including those pertaining to the Auto Pact, by January 1, 1999 and the creation of a North American continental energy market.

Essentially, Canada will receive assured market access to the US in return for providing a secure energy supply in periods of shortage. This will entail treating US consumers as Canadians, even under possible supply rationing. However, Canada would still be free to proceed towards its objective of 51 per cent domestic ownership of the energy sector.

In the car sector, Canada's export-oriented duty-remission incentives, which lie outside the pact, will end immediately, while other types of duty remission schemes to lure non-North American car and parts firms to Canada will terminate as programmes expire.

Regarding investment, Canada will phase out scrutiny of indirect takeovers, where a US subsidiary in Canada changes hands because of a takeover of its parent company, over a four-year period. Meanwhile, the threshhold for screening direct takeovers will rise to companies with assets of C$150m, also over four years.

Observers believe that the potential disruptive powers of the Canadian provincial premiers is more limited than some had initially feared. Most of the commitments covered by the deal, they say, fall under Canadian federal jurisdiction.

# Nestle in Egypt food venture

BY TONY WALKER IN CAIRO

NESTLE, the Swiss consumer products group, together with an Egyptian company, is investing SwFr40m (£17m) in two food processing plants.

Nestle is establishing a joint venture company with its partner, the Egyptian Finance Company, to administer the new enterprise. Nestle will have a majority shareholding.

The joint venture will take over an ice cream factory operated by EFC, and is planning to establish a new plant manufacturing baby food.

Nestle said the investment was 'in line with its wish to substitute imports by local production and to enhance its presence in developing countries.'

'Nestle will have a majority shareholding in Nestle Egypt and will assume the management of all operations,' the statement said. 'This will constitute the first landmark of its long-term industrial development in the country.'

EFC was established in 1980 under Egypt's 'open door' policy to foreign investment. Shareholders include local and foreign investors. It is both a financial services and investment company.

EFC's enterprises, apart from food processing, include the manufacture of building materials, electrical fixtures and toiletries.

# Stromberg pushes ahead with Bell exchange deal

By DAVID THOMAS

STROMBERG-CARLSON, the US-based telecommunications equipment subsidiary of Plessey of the UK, has passed another important milestone in its bid to sell its digital exchanges to the large US Bell telephone holding companies.

Two of Stromberg's exchanges have succeeded in field trials with Pacific Bell, which is based on the west coast of the US. This is a key stage in the elaborate approvals process necessary to sell digital exchanges to the Bell companies.

Mr Ernest Jones, Stromberg president, said he thought this would mean further small orders from Pacific Bell for Stromberg later this year, followed by larger orders next year.

# Brussels steps up campaign against US Trade Bill

BY QUENTIN PEEL IN BRUSSELS

THE European Community yesterday stepped up its campaign against protectionist trade legislation being drafted in the US Congress, spelling out precise details of its objections in a letter sent to all the Senators and Representatives involved.

Willy de Clercq

Mr Willy de Clercq, the EC Commissioner responsible for external trade relations, warned that any protectionist measures adopted by Congress would be countered with mirror action or retaliation - putting the whole new round of the General Agreement on Tariffs and Trade (Gatt) in jeopardy.

In a letter to Mr Clayton Yeutter, the US Trade Representative, distributed to all members of the joint Senate-House of Representatives Committee set up to agree a Common Trade Bill, Mr de Clercq singled out the EC's major objections to current proposals. They include:

- Unilateral re-interpretation of international trade agreements, such as retaliation against trading partners for so-called unfair trading practices:
- Potential restrictions on foreign investment in the US, through discriminatory registration and disclosure requirements:
- Sector-by-sector demands for reciprocity, as in telecommunications:
- New non-tariff barriers, such as labelling the origin of foreign food ingredients:
- New limitations on US trade negotiating authority.

World trade is founded on "each country finding an overall balance with its trading partners," Mr de Clercq says. "Like death and taxes, sectoral imbalances are an unavoidable fact of life."

Just because the EC has a trade deficit with the US in telecommunications, should it retaliate, he asks. On the other hand, if the US were to take action in the telecommunications sector to restrict access to its own market for foreign suppliers, the EC would retaliate, he insists.

On unilateral action in defiance of international agreements, he criticises a whole range of proposals, changing the definition of countervailable subsidies, such as the calculation of "subsidy" for processed agricultural products, unilateral changes in the coverage of voluntary restraint agreements on steel, and the denial of benefits of the Gatt code on government procurement without prior Gatt authorisation.

Barbara Durr reports from Lima

# Peru pays banks in fishmeal and iron

PERU HAS signed two novel deals to repay commercial banks in products and services while earning hard currency. Officials hope the contracts will help to re-establish their relations with the international financial community and serve as models for deals with other creditors.

President Garcia

Under a contract signed earlier this month, Midland Bank, Peru's second most important creditor, agreed to sell $22m worth of Peruvian goods, keeping $8.8m as debt repayment and giving the $13.2m remainder to Peru. Following Midland, First Interstate Bank of California signed a similar contract this week in Washington for $42m worth of goods, $14m of which will be debt repayment.

Though modest, the two deals constitute Peru's most significant payment to commercial banks for three years. They are for repayment of short-term working capital loans. Peruvian officials say that their payment-in-kind schemes with commercial banks will for the moment only be for repayment of its $900m worth of short-term working capital debts.

> There is a carefully worked out formula so that Peru does not lose out on hard currency revenues. A ratio is calculated based on each good's imported content, the amount of value-added, and how easily its local content might otherwise produce dollar earnings.

Peru's total foreign debt as of the end of last year was $14.3bn, including $11.6bn in medium and long-term public debt, $1.4bn in medium and long-term private debt, and $1.3bn in short-term debt. After three years of virtual non-payment, dating from before President Alan Garcia came to office, Peru has accumulated more than $5bn in arrears.

Since President Garcia came to office and limited all foreign debt payment to te10 per cent of exports, commercial banks have received only one payment of $17.3m, made in the spring of 1986. Governments and multilateral institutions have come before commercial banks in the payment queue because they have continued to disperse credits.

Midland will be selling some 30 Peruvian products, including $3.5m in iron pellets, $3.5m in fishmeal, $3.1m in steel balls, $3m in coffee, $3m in copper wire and lesser amounts of such goods as cotton thread, alpaca cloth, zinc and lead oxides, copper sulphate, auto-parts, ceramics, canned and frozen fish among others.

Under the contract, Midland will return $1.50 in hard currency to Peru for every dollar it keeps in debt payment. There is a carefully worked out formula for each product so that Peru does not lose out on hard currency revenues, according to Mr Guillermo Runciman, Chief of the Ministry of Economy and Finance's public credit office.

He said that a ratio is calculated for each good, based on its imported content, the amount of value-added, and how easily its local content might otherwise produce dollar earnings.

For example, for each dollar repaid in textile goods (whose local content and value-added are relatively high), Peru will only require a creditor to buy one more dollar in textiles. However, in the case of copper wire the creditor can only keep one dollar for every three dollars sold because copper could theoretically earn foreign exchange on its own.

Midland's contract is for sales in 1987, with the possibility of renewing and renegotiating the contract in January of each succeeding year. The bank has also extended a $5m credit line, not for use in these operations, as part of the deal.

First Interstate's contract, on which negotiations began in March 1986, is somewhat more innovative than Midland's. It will be selling fewer mineral products and commodities and more agricultural and manufactured goods. Its menu includes copper wire, fishmeal, frozen fish and shell fish, garments, fresh asparagus, garlic, and onions, and wood products. Other unusual twists to the contract are that First Interstate will sell Peruvian construction services, and is willing to negotiate tourism packages. The bank has also entered a joint venture in asparagus growing. Its contract, which runs through 1988, is also renewable.

Other banks are queuing up to take advantage of Peru's payment-in-kind scheme, Peruvian officials said. Among those in the line are First Chicago, Manufacturers Hanover Trust, Bankers Trust, Banco de Bogota, and National Westminster bank. Economy and Finance Minister Gustavo Saberbein said he hoped that Peru could also pay governments and suppliers in kind.

But the supply of exports available for such schemes is limited, officials say. They want to be prudent about commitments and have been careful to craft the contracts in such a way as not to undermine their own exporters. There may be an additional political impediment if President Garcia faces stiff opposition to payments that exceed his 10 per cent rule.

The Soviet Union, the first creditor to accept Peru's payment-in-kind schemes, has not been able to renew its 1983 Accord on debt: it has so far rejected the Peruvian two-for-one or three-for-one cash-to-product formulas, officials said. However, negotiations are due to restart with the Soviets, who are making tempting new offers to cancel portions of their debt.

## APPOINTMENTS

# Sainsbury development director

**Mr Ian Coull** will be joining J.SAINSBURY on January 1 to assume board responsibilities for the development division during 1988, in succession to **Mr Heyer Millar**. Mr Millar becomes chairman of JS Properties at the beginning of the new financial year in succession to **Sir John Sainsbury**. He will continues his Sainsbury board responsibilities as chairman of Homebase and as a member of the chairman's committee. Mr Coull was, from 1983, property director of Texas Homecare, and later was additionally appointed managing director of the Ladbroke Group subsidiary, Retail Parks.

*

WOOLWORTHS has integrated its newly-formed entertainment business unit and Record Merchandisers, a record supplier acquired in December. **Mr Hasan Akhtar** becomes deputy chairman of Record Mechandisers of which he was managing director. **Mr Mike Sommers**, already director of the entertainment business unit, becomes managing director of Record Merchandisers. **Mr Terry Blackman**, formerly buying controller of Boots' sound and vision department, becomes buying director of Record Merchandisers.

*

**Mr Brian Buckland, Mr Kevin Eldershaw, Mr Christoph Geiger, Mr Christopher Rand, Mr David Straker-Smith** and **Mr Mark Stardy** have been appointed assistant directors of GERRARD & NATIONAL. **Mr David Brayshaw, Mr Michael Hooper, Mr Tom Tremlett** and **Mr Peter Spraggs** have been appointed directors of Gerrard & National Securities. **Mr Julian C.M.Mellor** has been appointed managing director of Gerrard & National (Asia).

*

THE METENWOOD GROUP has appointed **Mr Nigel Stephens** as executive chairman, and as chairman of the group's two largest subsidiaries, Weldwork Cargo Systems and Galaxy Aluminium and Steel Construction (GASCO). He was controller of the industrial services sector of GKN. **Mr Tony Prentice** has been appointed finance director of GASCO. He was finance director of Pritchard Janitorial Supplies.

*

**Mr Tony Tomkins** has been appointed chief executive of TYNESIDE ECONOMIC DEVELOPMENT COMPANY, South Shields, on full-time secondment from NEI. He replaces **Mr Mike Taylor** who is returning to Job Creation.

*

**Mr J.M.Lindesay-Bethune** has been appointed a non-executive director of MARTIN CURRIE. **Mr James Fairweather** and **Mrs Marianne Hay** have been appointed executive directors of Martin Currie Investment Management.

*

**Mr Nicholas Van Assche** has been appointed managing director and general manager of IMC (TOYOTA AND LOTUS). He was commercial manager for BMW in Belgium. IMC is a member of the Inchcape international services and marketing group.

*

**Mr Bryan Cassidy** has been appointed senior general manager of GIROBANK from October 19 in succession to **Mr Brian Emmott**. Mr Cassidy is general manager, Girobank Scotland.

**Mr Brian Cassidy, senior general manager, Girobank**

Mr Emmott is joining the Bradford Enterprise Agency in December as lead director on secondment from Girobank. **Mr William P.Hendry** has been appointed general manager, Girobank Scotland. He joins on October 19 from Bank of Scotland.

*

**Mr Derek Taylor**, deputy managing director of THE NATIONAL NUCLEAR CORPORATION, has been appointed managing director in succession to **Mr Ted Pugh** who is retiring.

*

**Mr T.S.Corrigan** has become chairman of REX STEWART AND ASSOCIATES. He is chairman of Havelock Europa, Witchampton Boardmills, Grove Colourprint, and the Post Office Users National Council.

*

ERNST & WHINNEY has appointed **Mr Richard Abramson** as head of group pensions and actuarial services. He was a partner at Bacon & Woodrow, consulting actuaries.

*

**Mr A.R.N.Ratcliff** has retired from the board of THE BRITISH AVIATION INSURANCE CO., pending his retirement from the Eagle Star Insurance Co. **Mr M.A.Butt**, chief executive of Eagle Star Insurance, has been appointed a director in place of Mr Ratcliff.

*

**Mr W.G.A.Warde-Norbury**, a joint managing director of ALLIED BREWERIES, and a director of Allied Lyons, will take early retirement on medical advice on March 5, 1988. **Mr R.Moss**, also a joint managing director of Allied Breweries, and a director of Allied Lyons, will then become sole managing director of Allied Breweries. Mr Warde-Norbury's other responsibilities will be re-allocated over the next few months.

*

**Mr Danny O'Neill** has been appointed investment director on the boards of FS INVESTMENT SERVICES and FS Investment Managers.

*

**Mr John D.Gregory** has been appointed a director of TURNKEY & APPLIED COMPUTING SYSTEMS. He was managing director of Marine Management Systems (UK).

*

**Mr Paul D.Green** and **Mr Chris R.Lee** have been appointed directors of CHARTERHOUSE BANK.

*

RENTOKIL GROUP has appointed **Mr Roger Payne** as group development director. He was a UK divisional director of Swiss-based Societe Generale de Surveillance.

*

WRCS GROUP has appointed **Mr Frank Law** as a non-executive director. A director of Siemens and BMW, he was deputy chairman of the National Freight Corporation.

*

**Mrs A.J.Arnold** has been appointed company secretary of BRITISH TRANSPORT ADVERTISING. She continues as personal assistant to the chief executive.

*

GUILDWAY, part of the Declan Kelly group, has appointed **Mr William Dick** to the new post of technical services director.

*

**Mr David Elkin** has been appointed a director of ALEXANDERS ROUSE. He joined Rouse Woodstock as manager of the funds department in June 1983.

*

**Mr Richard Gregory** becomes financial director and **Mr Alan Taylor** becomes sales director of PERFUMS GIVENCHY.

*

**Mr Keith Tofield**, managing director of DOWTY'S newly-formed polymer engineering group, has additionally been appointed chairman of Dowty Seals, Dowty (Malta), and Woodville Polymer Engineering. He succeeds **Mr Adrian Buckmaster** who remains a director of these companies. **Mr A.J.Mansfield** succeeds Mr Tofield as managing director of Woodville Polymer Engineering.

*

The following have been appointed to the board of HILL SAMUEL & CO: **Mr Doug Baker, Mr John Dunsmore, Mr John Sharp**, and **Mr Martin Slade**.

*

**Mr George Ross** has joined BOVIS CONSTRUCTION as Scottish divisional director.

*

**Professor John B.Large** has been appointed a non-executive director of SARASOTA TECHNOLOGY, part of Peek Holdings industrial technology group. He is director of industrial affairs at southampton University.

*

ABBEY LIFE GROUP has appointed **Mr Hugo Thorman** as assistant executive director, business strategy, leading the newly-formed business strategy unit.

*

W.CANNING has appointed **Mr W.E.I.Galloway** as a main board director. He will continue as managing director of W.Canning Materials.

*

**Mr Simon Preston** has been appointed executive deputy chairman of ST.JAMES'S PUBLIC RELATIONS and a director of St.James's Corporate Communications, part of the Lopex Group.

*

**Mr Guy Barrett**, chairman of Henry Barrett Group, has been elected vice president of the EUROPEAN CONVENTION FOR CONSTRUCTIONAL STEELWORK.

## Prudential new company's board posts

PRUDENTIAL CORPORATION's newly-formed company Prudential Holborn, which provides integrated financial services, board is as follows: **Mr Mick Newmarch**, chairman; **Mr Alan Wren**, chief executive; **Mr Trevor Pullen**, investment director; **Mr Brian Goldstein**, marketing director; **Mr Mike Nevill**, sales director; and **Mr Walter Tan**, administration director.

*

**Mr David Alsop** has been appointed a director of OSCAR FABER CONSULTING ENGINEERS, main operating company of the Oscar Faber Partnership.

## UK NEWS

# Public spending proposals still £4bn over target

BY PETER RIDDELL, POLITICAL EDITOR

PROPOSALS FOR additional public expenditure next year are still between £3.5bn and £4bn above the previously agreed total for 1988-89, despite a month of intensive discussions between the Treasury and departmental ministers.

This has led to a fierce propaganda battle within Whitehall after the Cabinet last July set ambiguous guidelines for the spending review. The Treasury has sought to counter reports that agreement is near and that plenty of money is available to meet commitments. Spending ministers argue that the Treasury is being typically austere and that tax revenue is buoyant.

The argument has intensified as ministers gather in Blackpool in north-west England, for the start this morning of the Conservative Party Conference. This will be dominated by a series of announcements about the Government's radical legislative programme as well as by warnings against complacency at several fringe meetings.

The bilateral spending discussions have so far elminated about half the original £7bn excess of spending bids so that the Star Chamber arbitration committee, chaired by Lord Whitelaw, the Leader of the House of Lords, will come into operation next week. The autumn economic statement should be early next month.

The main outstanding bids cover the Departments of Health and Social Security and Education, with smaller scale arguments over the environment and Home Office budgets. Agreement is apparently not far off over defence and ministers do not expect that this programme will have to go before the Star Chamber despite earlier arguments.

Disputes have arisen because in July the Cabinet agreed to set as a priority the goal of reducing the share of national income taken by public spending but at the same time seeking to get as close as possible to the existing target of £154.2bn for 1988-89.

Margaret Thatcher: tight security precautions.

The stronger than expected growth in the economy means that the aim of reducing public spending's share of national income from 42¾ to 41¾ per cent can be achieved even if spending rises by £3bn or £4bn, or even slightly more, above the existing target since national income will be that much higher as well.

Mrs Margaret Thatcher, Prime Minister, her top parliamentary team and party workers attend the conference today surrounded by some of the tightest security precautions ever known for a political conference in Britain.

Anyone visiting the headquarters Imperial Hotel yesterday had their photo-badge checked at least five times, as well as being thoroughly searched. A helicopter was constantly flying overhead and a Royal Navy minesweeper was just visible through the mist offshore.

The streets round both the hotel and the conference centre in the Winter Gardens were cleared and heavily patrolled by police.

# Veteran fire engines to pre-empt strike move

By Charles Leadbeater

A FLEET of 35-year-old fire engines was called into West Glamorgan, South Wales, yesterday to pre-empt moves by the Fire Brigades Union to stage a series of strikes over a reorganisation plan drawn up by the Labour-controlled West Glamorgan County Council.

The FBU had told the authority on Friday that it would start a series of one-hour strikes from that time if it did not withdraw the plan.

However, in the morning the authority's public protection committee rejected the union's objections and its call for the plan to be withdrawn pending a further review. The authority asked for the fire engines to be called in after the 360 firemen then refused to give an assurance that they would not take industrial action.

The authority sent letters to all the firemen warning them that they had repudiated their contracts by refusing to give the assurance. Mr Frank Evans, chairman of public protection committee said: "If our firemen go out for one hour they go out for good. It will cost us £5,000 a day to have the army here, and we cannot afford to have two fire services." However, the authority denied that they had effectively locked out the firemen.

Mr Evans said the authority was prepared for talks about the reorganisation plans, but it would not change its policy drawn up after an 18-month long review of fire risks in the area. The plan involves the relocation of three fire stations, the loss of 48 full-time posts, the recruitment of 30 retained, or part time firemen, and the loss of one fire pump. The plan would save about £270,000 a year.

It is thought likely that the FBU will call a national delegate conference to consider taking national industrial action over the dispute.

The fire engines are manned by about 200 army personnel who have been trained within the past few weeks.

# Foreign companies accused of breaking 'trade union code'

BY PHILIP BASSETT, LABOUR EDITOR

FOREIGN-OWNED companies trying to start operations in Wales are short-circuiting a long-established process for co-ordinated union recognition - and are then running into difficulties, the Trades Union Congress in Wales warned yesterday.

Wales has seen a considerable growth of foreign-owned companies moving into the area, and has now one of the highest concentrations of Japanese-owned companies in Europe - many of them introducing often radical new industrial relations practices.

Wales TUC leaders have for some years been operating an agreement under which other unions are effectively prohibited from seeking recognition at a particular company once it has reached a union deal, increasingly with only one union.

But Mr David Jenkins, general secretary of the Wales TUC, told a conference in London on Welsh industrial relations, organised by the Welsh Development Agency, that some companies were now trying to circumvent this route, which was leading to considerable inter-union frictions.

He said: "Regretfully in the last year or so we have found a tendency emerging in which companies have short-circuited the process. Instead of channelling their contacts through the Wales TUC, some companies have moved straight into negotiation with one or more of our unions.

"This has resulted in some acrimony arising within those unions that have not succeeded in gaining the recognition agreement."

While he could understand why some companies might want to seek such short cuts, he warned the primarily Japanese audience at the conference that the method advocated by the unions worked well and ought to be respected.

He stressed that unions in Wales believed that "industrial disruption is contrary to the interests of management, the workforce, and the company as a whole", and accordingly there was "a clear, common and shared interest in agreeing procedures which minimise the likelihood" of disruption.

Mr Derek Evans, Wales director of the conciliation service Acas, stressed the importance for foreign companies deciding to unionise of a "comprehensive agreement with one or more selected trade unions" reached at an early stage in planning.

He said: "Agreements between trade unions and Japanese companies already operating in Wales are, without exception, specifically designed to avoid any possible disruption - in the interests of company and employees alike."

Mr Peter Walker, Secretary of State for Wales, said he was "grateful for the colossal collaboration from the Welsh trade union leaders and the Wales TUC" in helping to make successful companies move into the area.

Mr Suehiro Nakamura, director of Sony UK's plant at Bridgend in South Wales, which has a single-union agreement with the AEU engineering union, told the conference that it was important for companies to adopt a positive attitude towards unions.

He said: "The union never felt we were reluctant partners in the deal. We went to them and offered a deal.

"The trade union has never had to fight us for recognition. We believe that this is critical to the development of trust between us," he added.







# AIDS 'puts new stress on health and safety'

By Jimmy Burns, Labour Staff

TRADITIONAL trade union approaches to health and safety are being challenged by the spread of AIDS, a leading British union specialist on the disease said yesterday.

Ms Ruth Pattison, a research officer with Cohse, the health workers' union, said that the traditional union approach, when confronted by a hazard, was to insist that the situation is made safe, or to refuse to work in a particularly dangerous environment.

"Obviously this situation is not tenable in the case of AIDS", Ms Pattison told a conference. "Our early guidelines on AIDS largely concentrated on the disease as a medical issue. But increasingly it should also become a bargaining issue," Ms Pattison said.

Cohse has become the first union to revise its AIDS guidelines to include a detailed section on discrimination and employment rights.

It urges any member dismissed because of being suspected of having AIDS to take an unfair dismissal case against the employer.

# Murdoch staff seek help over union tie

BY OUR LABOUR EDITOR

EMPLOYEES at Mr Rupert Murdoch's News International newspaper plant at Wapping, east London, have asked the Trades Union Congress for assistance on union representation after a ballot vote seeking a union other than the EETPU electricians to represent them.

The salaried staff council at the plant - where papers including The Times and Sunday Times are produced - wrote to the TUC after a ballot vote showed only 140 in favour of representation by the EETPU, compared with 239 in favour of self-representation through the council, and 321 in favour of another union entirely representing them.

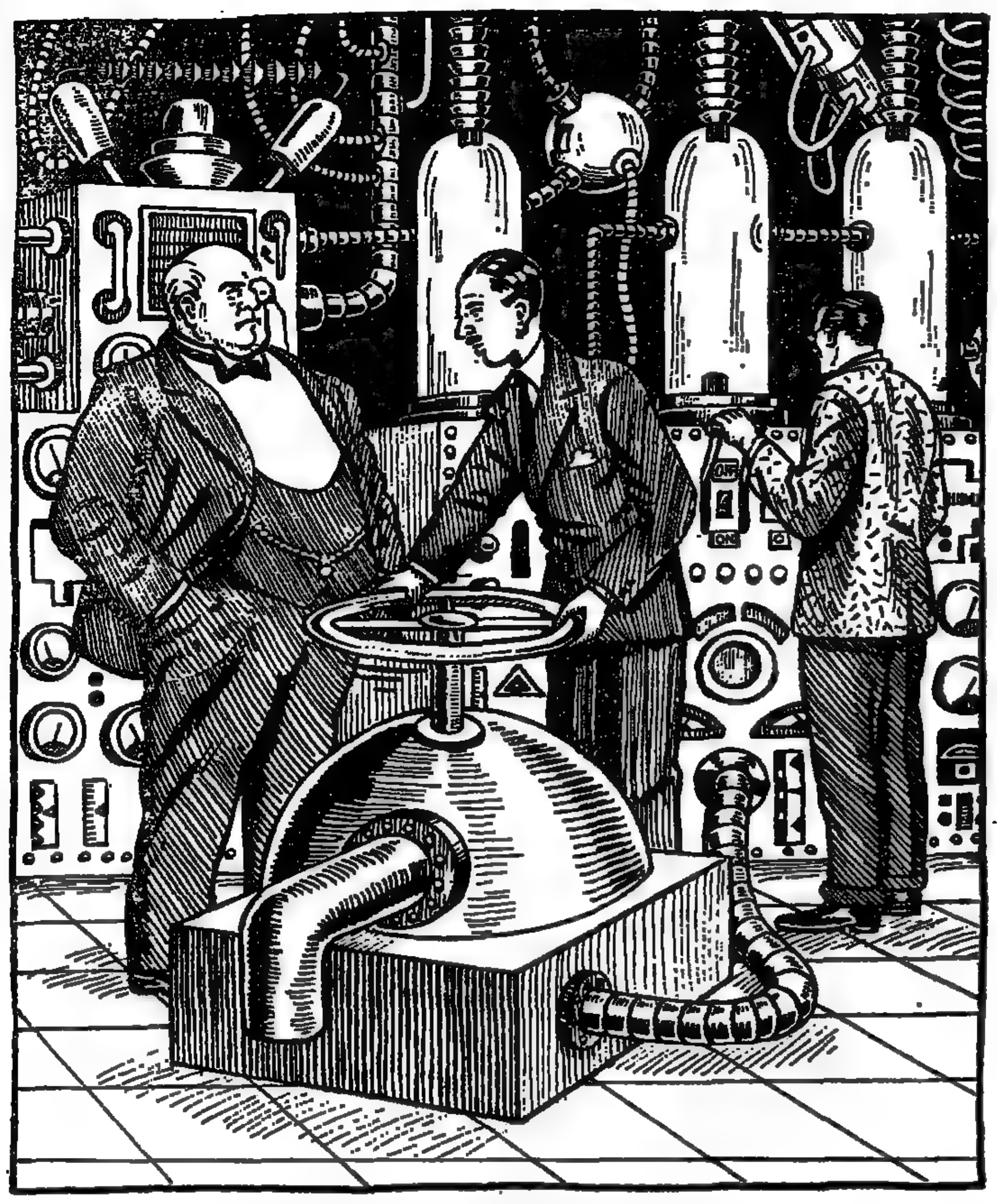
Mr Norman Willis, TUC general secretary, yesterday confirmed that the approach had been made, and said the TUC was considering it. He said before any reply was given, the TUC would be consulting with the unions which have been involved at Wapping since the company moved its production there from central London print locations in January last year.

Leaders of the main unions involved are understood to have been called to a meeting at the TUC with Mr Willis and senior officials, probably early tomorrow morning, before Mr Willis is due to fly at the end of the week to the Soviet Union as part of an international union delegation.

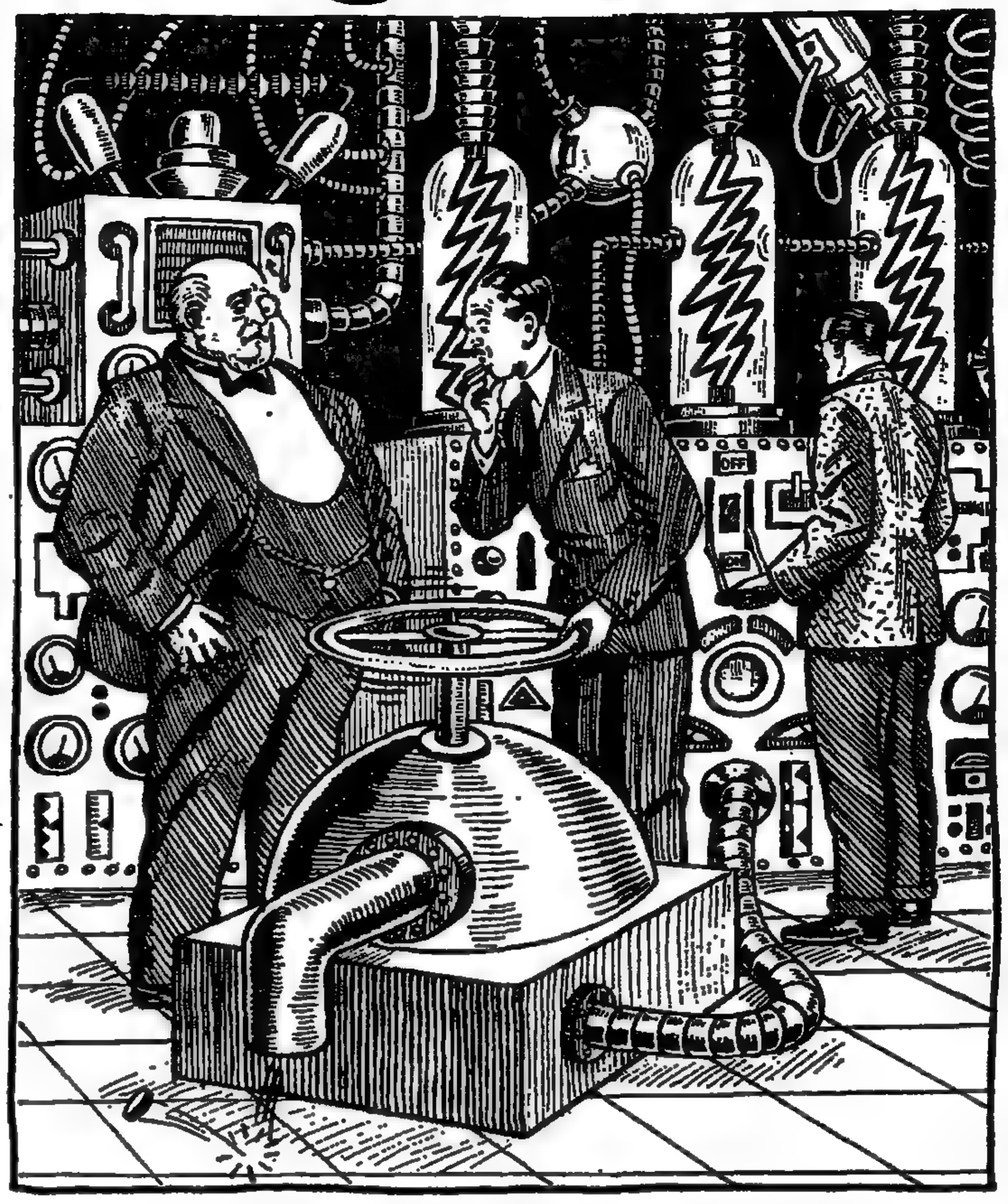
Some TUC leaders may not be overjoyed at the prospect of the TUC being drawn again into the protracted wrangling over Wapping. The staff council's involvement of the TUC in renewed representation efforts may well be run into the TUC's own questioning of the EETPU about newspaper allegations of its continuing role in Wapping. The electricians are mounting their own inquiry into the charges.

One suggestion circulating in the print unions is that staff at Wapping would not be required to join any of the current London branches of the print unions, and that the majority could hold a joint NGA/Sogat union card, with the EETPU representing purely electrical grades.

# *Before* Hoskyns Facilities Management

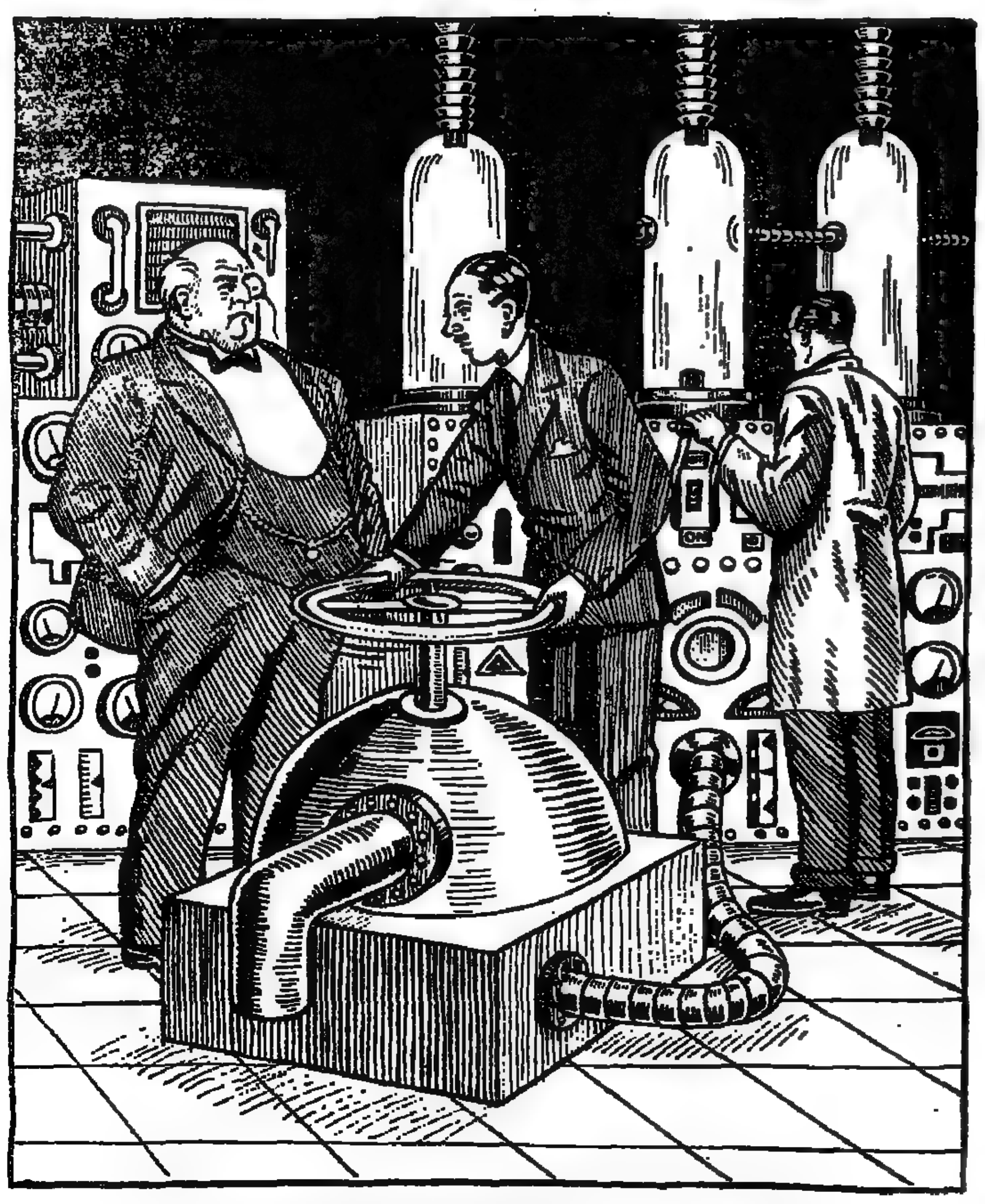


"SO THIS IS INFORMATION TECHNOLOGY, EH?"

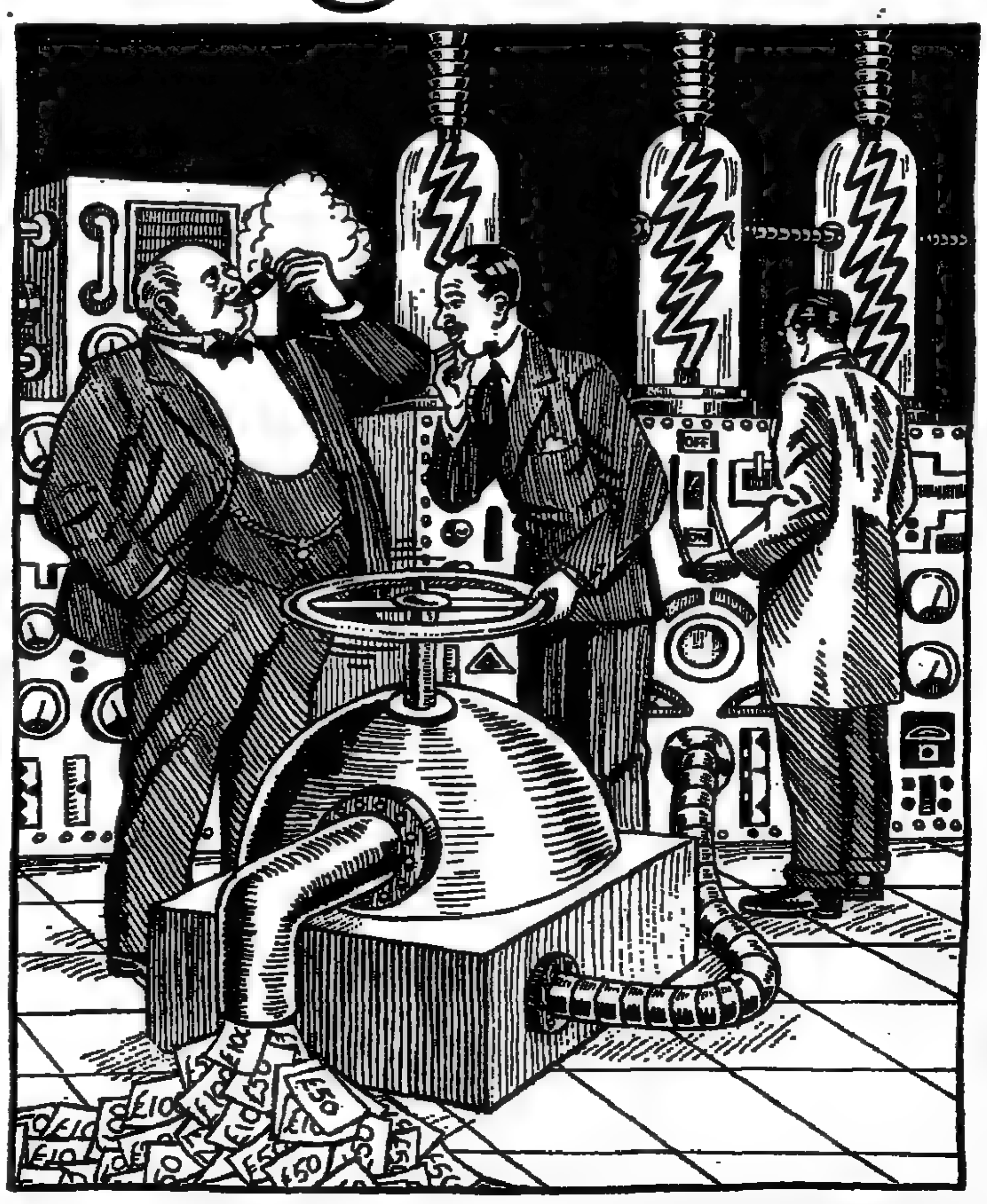


"CRIKEY JEREMY, IS THAT THE BEST IT CAN DO?"

# *After* Hoskyns Facilities Management



"NOW IT SHOULD BE EASIER," SAID JEREMY.



"THAT'S BETTER," CRIED THE CHAIRMAN. "WELL DONE EVERYBODY!"

*THINK how much better you could manage your business, if someone else managed your Information Technology.*

And that 'someone else' should be Hoskyns – because if a job needs doing properly, call in the experts.

If you believe, as we do, that Information Technology should not be something that costs money, but a means of making your information make money, then Hoskyns Facilities Management (FM) is the logical alternative.

Hoskyns FM is a simple, proven concept. We take full responsibility for the management of your data processing, by employing all your existing staff, buying or taking over the lease on your computers, and running the whole installation for you, at your premises or ours.

But there's facilities management – and then there's Hoskyns Facilities Management.

Only Hoskyns has the necessary experience of FM – we have been providing this specialist service since 1971, for over 100 organisations, on contracts as short as twelve months, or as long as ten years. And every one of them is happy to provide a reference.

Only Hoskyns has the breadth of resources and expertise to provide all levels of back-up, at every stage of the contract. We actually provide a local service – nationwide.

And only Hoskyns has the same kind of strategic thinking that exactly parallels your business strategy – to make IT work at every level.

That's the beauty of Hoskyns FM. It gives you the freedom to devote your energy and resources to doing what you do best – running your business.

You can have the Information Technology you need, no more and no less, available on an as-and-when basis, with absolute security and complete flexibility to change as your business changes.

And, more than ever before, you can have complete control of your IT. If you're not getting what you want, you don't have to put up with it!

You should be talking to Hoskyns.

Because if Information Technology isn't making money, it isn't making sense.

**hoskyns**

*Together we can make computers make money*

Hoskyns Group plc, Hoskyns House, 130 Shaftesbury Avenue, London W1V 7DN Telephone 01-434 2171

# Pay pressure on employers is rising, says CBI

BY PHILIP BASSETT, LABOUR EDITOR

EVIDENCE of the growing pay pressure on employers exerted by a tightening labour market is signalled in figures released yesterday by the Confederation of British Industry which also show pay settlement levels rising.

The CBI's annual presentation on pay to employers, this year called Pay Pressures in the 1980s, shows a marked reversal in the negative trend of the labour market as a pressure on pay settlements, reflecting the fall in unemployment and the growth in vacancies.

The CBI calculates the "net" effect of a particular factor on pay by taking together managers citing instances as upward or downward pressures on settlements.

The net impact of labour market factors - principally unemployment - in the 1980s has been as a negative pressure, ranging from a 10 per cent net balance in 1980, down as low as 34 per cent the following year and rising to 1 per cent by the end of last year.

However, provisional figures for the third quarter of this year show a complete reversal - to a positive pressure on pay, and a relatively high one, of 14 per cent.

The CBI says these figures now "seem to reflect the growing problem of skill shortages and associated difficulties with recruitment of labour of sufficient calibre."

But while it warns that its 14 per cent figure may be revised downwards and says cautiously that not too much significance should be read into it, the CBI says that with productivity and profits, labour market influences are likely to strengthen as upward pressures on pay in the short term.

Set against this, the CBI says that an inability by manufacturers to increase their prices is expected to remain a "very strong" downward pressure on settlement levels in the coming months.

The CBI's pay presentation, contained in its bi-monthly Employment Affairs Report, also says that recently "settlements have been driven just as much by profitability as by cost of living considerations."

The continuing impact of company profitability may also be reflected in separate CBI figures from its pay databank which show a rising trend of pay settlements.

Looking at the estimated increase in individual average earnings attributable to companies' most recent pay settlements, the CBI says that settlements in manufacturing are running provisionally in the third quarter of 1987 at 5.7 per cent, up from 5.3 and 5 per cent in the previous two quarters respectively.

The CBI said yesterday that the latest figure is still low by historical standards.

In the private service sector the CBI says companies are settling at increases of 6.3 per cent on average, for the first half of this year, compared with 5.6 per cent in the second half of 1986.

*Employment Affairs Report, Sept/Oct 1987. CBI, Centre Point, New Oxford Street, London, WC1A 1DU. By subscription.*

# Tighter advertising controls sought

By Feona McEwan

A TIGHTENING-up of self-regulatory advertising controls in the UK has been called for in a report instigated by the Advertising Association.

The report, published yesterday, recommends a strengthening of the role of the Advertising Standards Authority, the watchdog for press and poster advertising, with proposals for a faster procedure for dealing with press advertisements "likely to have harmful effects."

Unlike television commercials, press advertisements are not necessarily vetted before publication. By the time any complaint has been investigated by the Advertising Standards Authority, the campaign is often over.

The inquiry into the systems of control of advertising standards was set up by the Advertising Association in September 1986 in response to the recent proliferation of control systems which affect advertising.

The report claims that the fragmentation of advertising regulations poses problems and has led to calls for closer unification.

The inquiry, which was chaired by Sir Kenneth Clucas, former permanent secretary to the Department of Trade, rejected the idea of a single authority, responsible for all media. However, in spite of the conclusion that the long-standing self regulatory system of advertising control in Britain works well, there is room for improvement.

The proposals include:

- Any directions given by the Home Secretary to the Independent Broadcasting Authority should be publicised at the time they are given. The AA has now announced it is to open exploratory discussions with the IBA.
- Provided that advertisements in transfrontier broadcasts meet the regulatory requirements of the states in which they originate, reception should be permitted in other states able to receive them.

The AA, which does not endorse all in the report, has declared it intends to pursue developments in the area "energetically."

*The Systems of Control of Advertising Standards, Report to the Advertising Association by the Committee of Inquiry. Available from the Advertising Association, Abford House, 15 Wilton Road, London SW1V 1NJ.*

Raymond Hughes on the Court of Appeal's decision on the Best case

# Future share cheats may go to jail

MR KEITH BEST, the former Conservative MP sentenced last Wednesday to four months in jail and a £3,000 fine for making multiple applications for British Telecom shares, was freed by the Court of Appeal yesterday.

Lord Lane, the Lord Chief Justice, said a prison sentence was too severe and that justice would be done by quashing the jailing and increasing the fine to £4,500.

The three appeal judges agreed there was a disparity between Mr Best's sentence, imposed by Judge Butler at Southwark Crown Court, and those previously imposed at Bow Street magistrates court on 10 other men convicted of the same offence, none of whom were been jailed.

Also, said Lord Lane, the wording of the BT prospectuses - unlike those for the British Gas and TSB flotations - was such that a reader might have been forgiven for assuming multiple applications were not regarded with much disapproval.

However Lord Lane, sitting with Mr Justice Boreham and Mr Justice Hutchison warned that future offenders might not stay out of prison.

"Let this be clearly understood: from now on those who indulge in this or any other form of cheating with regard to the stock market are put on notice that it is not only their assets which are at risk but also their liberty.

"Any cases such as this will in the future merit the sort of imprisonment period which the judge at Southwark imposed. It is only by the skin of his teeth that this appellant has escaped the fate the trial judge understandably wanted for him."

After the ruling Best's solicitor told reporters: "Mr Best is very relieved at the outcome of the appeal but he does not wish to make any comments himself at the moment."

Best, who resigned as MP for Ynys Mon (Anglesey) before the general election, had been found guilty on three specimen charges of dishonestly attempting to obtain 2,400 shares in British Telecom by deception when the company was privatised in 1984.

He made six applications for a total of 39,000 shares, using four different bank accounts and variations on his own name, giving the addresses of his legal chambers in Brighton, his constituency headquarters and his mother's Sussex home.

Lord Lane said the root of Best's appeal was the disparity between his sentence and those imposed by the Bow Street court.

Many of the Bow Street cases had been more serious than Best's, Lord Lane said. None of those convicted there had made less than 20 applications. In one case 1,000 applications, involving £250,000, had been made. None of the Bow Street defendants had been sent to prison.

Keith Best: set free by Appeal Court but fined more

They had been fined between £2,500 and £8,000 - the penalties for each offence ranging from £500 to £2,000.

The appeal court had to decide whether the Bow Street fines had been extraordinarily lenient or had been within the proper bracket of punishment; also whether Best was more blameworthy than those who had appeared at Bow Street.

"This and other types of stock market dishonesty are very easy to commit," Lord Lane said. "They are very expensive and difficult to detect and to prove and, of course, they can be very lucrative for the perpetrator.

"They are, in short, just the sort of crime where deterrent sentences may be most appropriate: just the sort of crime which the cheat will continue to commit unless discouraged; just the sort of crime a fine often does not provide sufficient discouragement to commit but imprisonment does."

Lord Lane said only one factor caused the appeal court to doubt the propriety of Best's prison sentence. The wording of the BT prospectus and mini-prospectus was such that the reader might be forgiven for assuming multiple applications would be regarded without very much disapproval.

It might never have crossed the mind of the average multi-applicants that they were attempting to commit offences under the Theft Act.

Lord Lane contrasted that with the British Gas and TSB issues when the prospect of criminal proceedings was made perfectly plain in the promotional literature.

The appeal court had concluded, Lord Lane said, that Mr Best had a valid argument based on disparity.

Lord Lane observed that Best was a barrister and should have realised he was in danger of falling foul of the Theft Act.

"But we have come to the conclusion that, while the nature of his profession and background certainly does not entitle him to be treated more leniently, it does not require him to be sent to prison rather than simply fined as the other 10 men were."

Mr Best was given 14 days by the appeal court to pay the fine, with 28 days in jail if he fails to do so.

# Retail sales figures for August show rise

By Janet Bush

FINAL FIGURES published yesterday showed that the rise in the volume of retail sales in August was just under 1 per cent compared with the 1.4 per cent increase recorded in July.

The Department of Trade and Industry had provisionally estimated that sales had risen by a seasonally adjusted 0.5 per cent in August.

The final index for the volume of retail sales was revised upwards to a record 132.5 (1980=100) in August from the provisional record of 131.8, and 131.2 in July.

The Department figures show the volume of sales in the three months from June to August was 3.2 per cent above that in the previous three months and more than 6 per cent above the same period last year.

The non-seasonally adjusted index of the value of retail sales in August was 9 per cent higher than in August 1986. The value of this year's sales has been 8 per cent higher than in the same period last year.

Separate figures released yesterday by the DTI showed credit advanced to consumers by finance houses, building societies and other credit grantors, totalled £3.0bn in August compared with a total of £2.94bn in July.

# Society account problems

BY HUGO DIXON

THE FIRST mass-market current account to be issued by a building society has run into administrative problems.

Nationwide Anglia, the UK's third largest society, launched a pioneering interest-paying current account in May. But, as a result of administrative problems, it admits it is normally taking three weeks to issue cheque books to customers.

Mr Bob Moffat, Nationwide's marketing manager, said: "We are trying our damndest to do something about it."

Mr Moffat said the delay had been caused by "astonishing demand." Nationwide is the only leading society to offer a fully-fledged current account. About 60 per cent of people applying for the account were not previously customers.

However, one customer said: "Who wants their money stuck in an account which they can't get it out of?"

# Barclays to open longer

BY HUGO DIXON

BARCLAYS BANK yesterday became the latest high street bank to announce plans to open branches for longer hours on weekdays.

From December 1 it will open 200 of its 2,850 branches from 9.30am to 5pm, instead of the present 9.30am to 3.30pm.

The move follows a six-month pilot scheme on increased opening hours in 20 branches, which Barclays said customers had found convenient. It also comes less than a month after Midland Bank said it would be opening 56 branches until 5pm.

Lloyds Bank opens 114 of its branches after 3.30pm, though closing times vary from branch to branch.

After 3.30pm Barclays' customers will not be able to get a full banking service, but they will be able to open accounts, apply for loans, order foreign currency and inquire about investments. They will have to use cash-dispenser machines to withdraw cash.

Unlike Midland, Barclays is not extending opening hours on Saturdays when its branches will continue to close at noon.

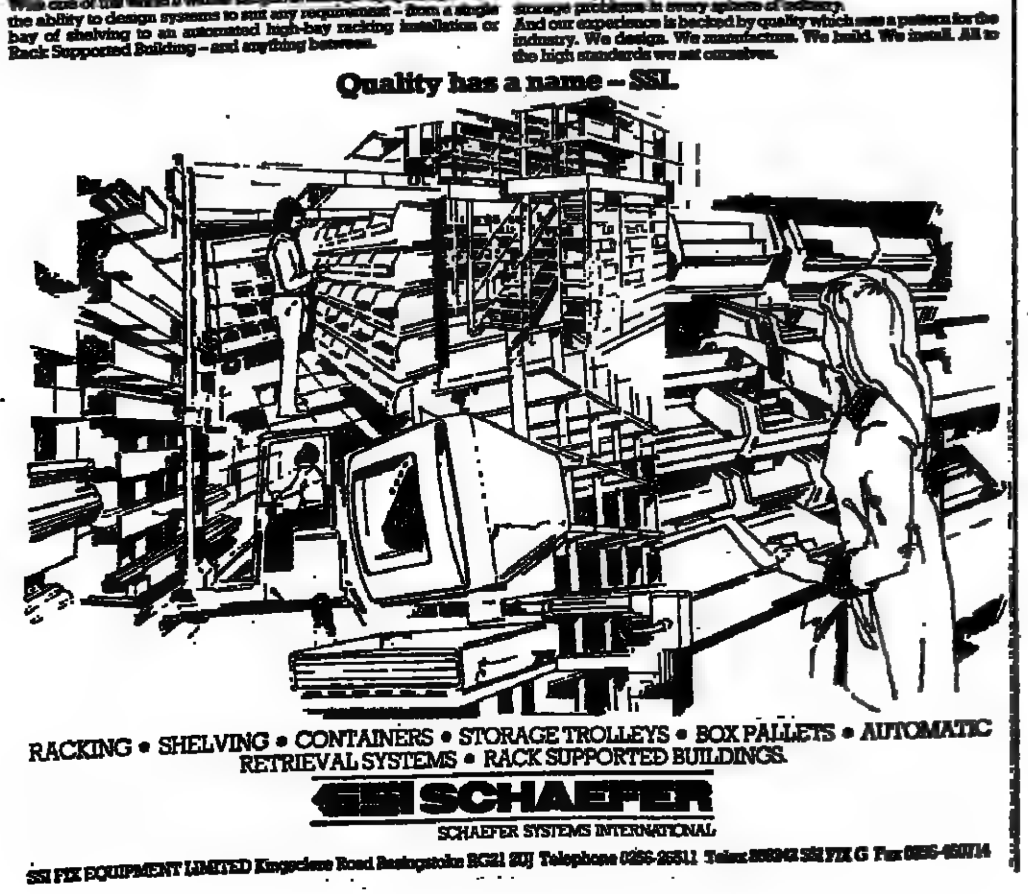
# Machine maker to move factory

By Nick Garnett

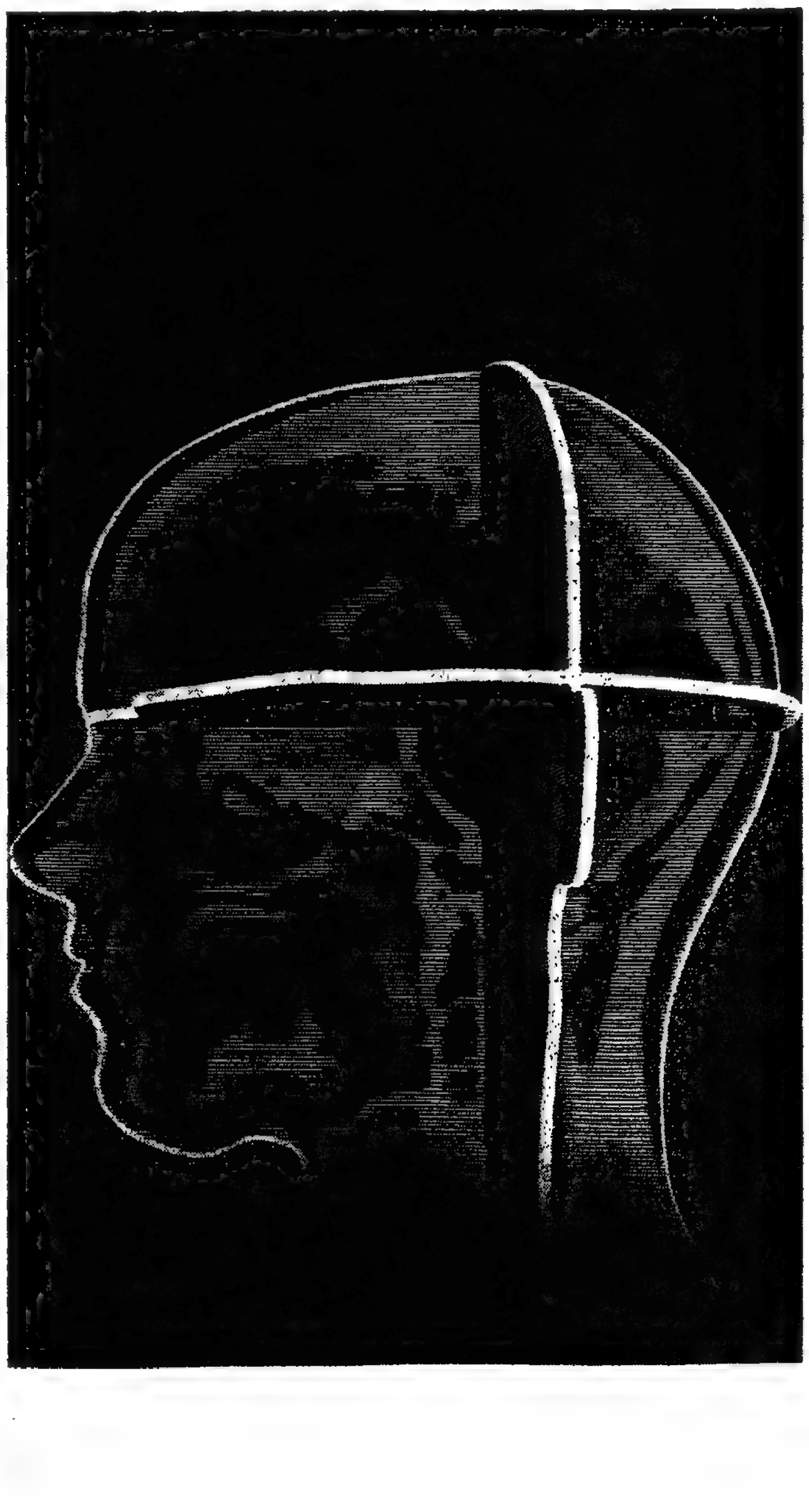
BONAS, the textile machinery manufacturer, is moving from its factory in Sunderland to a new and larger plant in Gateshead, Tyne & Wear. English Estates is funding three-quarters of the £2m building costs of the factory which is due to open in July next year.

Bonas, which will rent the plant and pay for the remaining quarter of construction costs, said it hoped to increase its staff from 230 to about 280 within three years.











# Privatisation a threat to power supplies says union

BY MAURICE SAMUELSON

AN ELECTRICITY union chief warned that privatisation could endanger power supplies in a speech at a conference in London yesterday organised by the Electricity Consumers Council.

Mr John Lyons, general secretary of the Engineers and Managers Association, speaking on behalf of the Electrical Power Engineers Association insisted his members had nothing against greater competition but that privatising the industry was against the public interest.

He challenged the assumption that breaking up the CEGB would introduce competition which would raise efficiency and lower costs.

"It is the association's belief that the opposite effect will follow and ... that the security of Britain's electricity supplies may be reduced", he said.

From the opposite end of the spectrum, Mr David Willetts, director of studies at the Centre for Policy Studies, warned against denationalising the industry as an integrated monopoly and listed three steps towards full privatisation and exposure to competition. He said the Government should:

- Ask the CEGB to build a coal import terminal to counteract "the high price of British coal and the cosy relationship between British Coal and the CEGB."
- Merge some of the 12 area boards and sell them off.
- Take the National Grid out of the hands of the CEGB and give the area boards a stake in it.

"The worst step would be to privatise the CEGB whole with no prospect of further change. The CEGB must not be let loose as a private company with its enormous monopoly powers intact".

After following these proposals, Ministers could take stock and plan the full break up and sale of the generating side of the industry in a fourth Conservative term of office.

Earlier, British Coal's commercial director, Mr Malcolm Edwards, in the first major statement on electricity privatisation by a top British Coal executive, said it was not true that the two State industries were "living in sin at the expense of the consumer."

"If there is no competition why did we turn ourselves upside down last year to cut £300m from the CEGB's coal bill and commit ourselves to further reductions in the following four years?"

As a result domestic electricity consumers paid less than anyone else in the European Community.

He also denied that the UK electricity industry was abnormally reliant on domestic coal, claiming that there was a similar level of inter-dependence between power stations and pits in Australia, South Africa and the US.

Mr Edwards was partricularly scornful of claims that the CEGB could save £750m a year by using more foreign coal. "That figure has no basis in any analysis of the long term prospects for a major switch to imports."

# N Ireland 'the best domestic market for coal'

By Our Belfast Correspondent

SALES FIGURES released yesterday underlined Northern Ireland's position as the best domestic market for coal.

Sales to domestic outlets for the year ending in March were 1.324m tonnes, up 11,000 tonnes on last year.

A dramatic fall in the price of oil raised demand for oil-fired central heating, but solid fuel heats more than 70 per cent of homes in the province.

As a result of the relatively high demand, prices remain significantly below many UK cities.

Other statistics in the annual report of the Coal Advisory Service show that the performance of smokeless fuels is improving and currently represents 37 per cent of all sales.

# Tory MP says national grid should stay public

BY TOM LYNCH

THE NATIONAL electricity grid should remain in public ownership after the industry's privatisation, with area distribution boards and power stations sold to private investors, a Conservative member of the Commons Energy Committee urges in a pamphlet published today on the eve of the Tory conference debate on energy.

Mr Peter Rost, the MP for Erewash, argues in a pamphlet published by the Bow Group, considered to be on the party's liberal wing, that to privatise the Central Electricity Generating Board in one or two units would leave it as "an unnatural monopoly."

He argues that only by retaining the national grid and selling power stations - individually or in groups - and the 15 area distribution boards, can the Government meet consumers' needs while bringing competition into the generation market.

Mr Rost acknowledges that an early return to the Treasury and administrative convenience might tempt the Government to sell the CEGB whole or in two units - one company for generation and another for distribution. However, he argues, this would not yield the maximum return to the taxpayer or subject the industry to market forces.

He says the use of the national grid as a common carrier would enable all forms of power including alternative energy sources such as combined heat and power, tidal, wave, wind or solar energy to compete in the supply market on equal terms.

*Moving Forward with Energy, by Peter Rost MP. Bow Publications, 240 High Holborn, London WC1V 7DT £8.*

# Structural faults question for ship inquiry

By Kevin Brown, Transport Correspondent

A PUBLIC inquiry into the loss of the British freighter Derbyshire was asked yesterday to consider whether all six ships of her class suffered from structural faults.

The Derbyshire, built by Swan Hunter and owned by Bibby Line, sank almost without trace in the Pacific in 1980 with the loss of 42 crew and two wives.

The Department of Transport resisted an inquiry for nearly seven years because of the lack of survivors or evidence to draw conclusions from.

Investigations by the department also cast doubt on claims by maritime trade unions that the six ships suffered from similar structural faults.

An inquiry was ordered earlier this year, however, after the Kowloon Bridge, a Hong Kong-registered sister ship, broke up after going aground in a storm off Ireland.

Mr David Steel, opening the inquiry in London on behalf of Mr Paul Channon, the Transport Secretary, said it would have to consider "whether this class of ships is susceptible to damage in heavy weather."

Mr Steel made clear, however, that the Derbyshire sank in atrocious conditions.

He said the Derbyshire had been properly certified by Lloyd's Register, the independent ship inspection society, shortly before the accident and carried all necessary communications and safety equipment.

The Derbyshire was last heard from on September 9, 1980, when Captain Geoffrey Underhill informed Bibby Line that the ship's arrival in Japan would be delayed because of storms caused by Typhoon Orchid.

An air and sea search was launched by Japanese authorities on September 15, but the only traces of the ship were an oil slick and an empty lifeboat.

Both Swan Hunter and the owners of the ships have denied that there is a common pattern of structural faults, or that serious problems have been experienced in operating them.

A report by Lloyd's Register on the Kowloon Bridge also said there were no grounds for linking the casualty with the loss of the Derbyshire.

Swan Hunter, which was sold to its management by British Shipbuilders for £5m in 1986, says it has no records of the ships, which were built between 1971 and 1976 at its Haverton Hill yard on the Tees.

Ownership of this yard was retained by British Shipbuilders, which is understood to have insured against potential claims.

The inquiry is expected to last about three weeks.

# SE starts certifying transfer of shares to reduce backlog

BY CLIVE WOLMAN

THE STOCK EXCHANGE yesterday began operating a centralised service for certifying the transfer of shares as a way of reducing the backlog of unsettled bargains.

The service allows securities firms to deliver all the transfer forms they need to have certified to a central point, which in London is the Settlement Centre of the Stock Exchange in St Alphage House. Local settlement centres may also be used in Dublin, Birmingham, Bristol, Glasgow, Leeds, Liverpool, Manchester and Newcastle.

The certification requests will be bundled together and sent to the different company registry services around the country. The forms should be returned within two to three working days of being deposited at the settlement centre, the Stock Exchange says.

At the end of the month, additional express services will be introduced which, in return for a charge, will turn around requests much more rapidly using a facsimile transmission link with the main registry services. The "urgent" service will certify transfers within 24 hours, while the "immediate" service will take only two and a half hours.

These services will be phased in gradually, registrar by registrar, over the next five months, starting with Lloyds registrar in Worthing, the only large registrar with no office in London.

Until now, Stock Exchange firms have had to send the certification requests individually to the company registrars, either by post or, in emergencies, by messenger. The process is often both lengthy and expensive and is the most common bottleneck.

When the Stock Exchange first announced its plans for a central service in August, it hoped to introduce the facility within a few weeks. However, working out the details of the service with the registrars has proved more complicated than expected.

# Lights go down on the market place

BY TERRY BYLAND

THE CITY of London's electronic market, created a year ago when Big Bang revolutionised the Stock Exchange trading network, faced its long-feared technological challenge yesterday, when a power failure at the London Electricity Board's North East City plant wiped out the trading systems at some market trading firms for up to three hours.

The Stock Exchange was unaffected by the failure of the LEB's Transformer Chamber Equipment at its Finsbury Market plant, and had no need to call on its back-up Uninterrupted Power System.

But the LEB power black-out eliminated 133,000 volts from its City and Wapping network and affected 20,000 to 30,000 customers, including many stock market trading firms. The loss of electrical power hit some City customers for an hour, but some were cut off from 1.10pm until power was fully restored at 4.06pm.

Many trading firms have back-up electrical systems similar to the Exchange's UPS, but by mid-afternoon five market-making firms were telling the City, via the SEAQ screen network, that they were unable to update prices on the Exchange's electronic network, and were therefore trading outside it.

The lights went out in the Aritrageur Club in the City of London and in several other bars close to the Stock Exchange.

But the trading system can claim to have come through another test of its efficiency with flying colours, if somewhat dimmed ones.

# Property companies spend £35m in London

By Paul Cheeseright, Property Correspondent

GREAT Portland Estates, the property investment company, and Bride Hall Developments, in which it has a 50 per cent stake, have spent about £35m to assemble properties in the Holborn area of central London.

They are now in a position to undertake a big office development to exploit the growing demand for space in the district, situated between the business centres of the City of London and the West End.

Bride Hall yesterday announced it had purchased from a consortium of Arlington Securities, Abacus Developments and Robert Fraser Group their interests in Barnards Inn and Buchanan House.

The latter will be retained by Great Portland Estates with the possibility of redevelopment at a later date.

The other properties are tenanted on leases which expire in the next few months.

The selling consortium, working with the Mercers Company, the freeholder, had planning consent for 150,000 sq ft of offices.

# Brittan wants party to broaden its appeal

BY PETER RIDDELL, POLITICAL EDITOR

THE CONSERVATIVE leadership should broaden the basis of its appeal if it is to meet the new challenge from the Labour Party, according to Mr Leon Brittan, the former Trade and Industry Secretary.

Speaking on the eve of the Conservative conference, Mr Brittan told a party meeting in Bolton that there should be "a determination to show that alongside opportunity for the individual, we recognise the need for enhancing that feeling of membership of a single community."

In particular, he argued for a new focus on policies "that will make society more cohesive and not just richer. Mobilising the community in the task of crime prevention, tackling still more energetically the imbalances between different parts of the country, putting on the statute book a bill of rights, increasing the legal obligations to the community of monopolies in both the private and public sector - these are but a few of the specific themes to which we should now be turning."

If Labour changed direction towards accepting some Tory policies it would be a danger "because we will no longer be able to win elections just because our opponents' policies are anathema to many of their own traditional supporters."

It would also, he said, be a challenge to the Tories to go beyond their election manifesto and "to show that by charting fresh ground of our own, we can retain the political initiative."

Mr Brittan argued that if the Tories were to win over the country for further changes "we must make it clear that our purpose is not just to save money or cut taxes, important thought those aims are. It is also to free resources in order to give more help for those genuinely in need, and to tackle with renewed vigour our outstanding social problems."

# Legally enforced takeover code urged

BY TOM LYNCH

THE GOVERNMENT was yesterday urged to institute a legally enforceable code of practice for mergers and takeovers in the wake of the announcement by Guinness that it would not to set up its corporate headquarters in Edinburgh, as promised during its takeover battle for Distillers.

Mr Malcolm Bruce, the Liberal trade and industry spokesman, yesterday wrote to Lord Young, the Trade and Industry Secretary, arguing that the company's ability to renege on its promise without fear of penalty "has established lies, dishonesty, deception and treachery as the stock in trade of takeover bids in the City."

He said a legally enforceable takeover and merger code was needed "especially in terms of the enforceability of claims and pledges which should not be made if they cannot be honoured."

The Guinness pledge had been a significant factor in influencing opinion in Scotland, said Mr Bruce. Mr Ernest Saunders, then the Guinness chief executive, had lobbied Mr Bruce and other Scottish MPs to support the bid on the basis that his company's commitment to Scotland was greater than that of the Argyll Group, which was making a rival bid for Distillers.

For the Guinness board to decide not to honour that promise was "an endorsement of lies and deception directed to MPs, government ministers, Scottish business opinion and the financial press."

- Mr Jim Wallace, the MP for Orkney and Shetland, has been elected unopposed as Liberal Chief Whip in the Commons.

Mr Wallace, 33, succeeds Mr David Alton, the MP for Liverpool Mossley Hill.

# Backbench plea over NHS cuts

A TORY backbencher last night attacked the Government for its emphasis on reducing income tax while making cuts in the National Health Service.

"For people to die unnecessarily so that some may receive tax cuts is not the sign of a civilised and caring party," Mr Anthony Beaumont-Dark said in a speech to his Birmingham Selly Oak constituents.

"A civilised party that believes in one nation cannot stand by and talk of tax cuts while hospital wards are being closed."

# Sun Life links with W German bank

BY NICK BUNKER

SUN LIFE, the British life assurance group, hopes to capture a share of Europe's growing pension fund, mutual fund and unit trust management business by forming links with Frankfurt-based Deutsche Genossenschaftsbank.

The first step in co-operation between the two groups was announced yesterday when Sun Life said it was making a $400,000 (£246,000) investment in DG Securities Services Corporation, a New York-based securities broker-dealer and fund manager owned by the bank.

The deal was "very unusual" for a British life company, said Mr Bill Richards, executive director of Sun Life Investment Management Services. He said it gave Sun Life a unique opportunity to co-manage a slice of European international investment business.

Mr Richards said DG Securities Services plans to open a London office soon. It will establish "a working relationship" with Sun Life with the aim of combining their investment research and advisory strengths.

The move reflected Sun Life's eagerness to expand in international fund.

# Sky Channel's annual losses treble

BY RAYMOND SNODDY

THE LOSSES of Mr Rupert Murdoch's Sky Channel, the general entertainment satellite television channel, have trebled over the past year as competition for the pan-European advertising market has intensified.

In the year to June 1987 Sky lost $23.6m (£14.6m) compared with$7.49m in the previous year. Over the same period the number of homes capable of receiving the satellite channel rose substantially from 6.7m last year to more than 9m homes now.

The figures are given in News Corporation's annual report published yesterday. Conceding that "Sky has not yet become profitable " the report claims that the channel had maintained its leadership in pan-European television in the face of strong competition.

Rupert Murdoch: facing losses because of competition

The sharp increase in losses - against the trend of the past few years - is probably mainly the result of the arrival of Super Channel, the competing European channel backed by 14 ITV companies and the Virgin group.

Costs have also been rising as Sky Channel increased the proportion of the programming it produces itself.

Apart from having to split the pan-European advertising cake with Super Channel, Sky Channel executives also say advertisers held back during the period of uncertainty in advance of the Super Channel launch in January.

News International, Mr Murdoch's UK operating arm, owns 82 per cent of Satellite Television, the company which operates Sky Channel.

The size of the loss explains why Satellite Television last month announced it is raising £22.63m through a rights issue to provide further funding for the channel. The issue, underwritten by News International is much larger than previous ones.

At the time Sir James Cruthers, chairman of Satellite Television and an executive director of News Corporation said that Mr Murdoch firmly believed in satellite television and had no intention of selling Sky Channel.

"Sky has good audience levels - three times greater than its nearest competitor - and has established a firm place in European television. There is sound support from advertisers, but not sufficient yet to generate profits," Sir James said.

Meanwhile Mr Murdoch is still looking for new European investors in Sky and appears prepared to see his own stake in the venture fall to about 25 per cent.

# Clark plans £3m shoe factory in Portugal

BY ALICE RAWSTHORN

C & J CLARK, one of the UK's largest footwear manufacturers and retailers, is investing £3m in the construction of a shoe factory in Portugal as part of its European expansion programme.

The group yesterday also announced the appointment of Mr John Clothier, a member of the founding Clark family, as managing director.

Construction of the plant should begin early next year. It will be built next to Clark's existing manufacturing plant near Oporto in northern Portugal and will create 650 jobs, bringing the number of people employed by Clark on the site to 1,290.

Initially the factory will be used to manufacture shoe uppers, which will be shipped to the UK for finishing. When the second phase of construction is completed, finished shoes will be made at the plant. The Portuguese factories have been designed to make intricate shoes, involving a high labour content, which are too labour intensive to produce cost effectively in the UK.

Clark is now in the throes of a marketing test as a precursor to introducing its children's shoes in northern Europe. Last year it began trials in Holland and West Germany. It is evaluating the results of these experiments

The new Portuguese plant will add extra manufacturing capacity to accommodate this expansion. Earlier this year Clark began the construction of a £9m children's shoe production plant in the West Country, which will be one of the most expensive and most modern footwear factories in Europe.

Mr Clothier, 41, succeeds Mr George Probert, who is retiring.

For the past three years Mr Clothier, who has spent almost all his working life in the business, has been managing director of Clarks Shoes. Under his managing directorship the division has opened a chain of 112 shoe shops under the Clarks name and laid plans for the West Country factory.

# Broad entry for pioneer college

By Michael Dixon, Education Correspondent

CHILDREN OF high academic ability will be at least as likely to be rejected as accepted by the first of the Government's 20 proposed city technology colleges, which is due to open at Kingshurst in Birmingham next September.

The college's admissions procedure, announced yesterday, has been designed specifically to prevent its intake of 11 to 18-year-olds from being restricted to the most academically able applicants.

Although applicants will be given an intelligence test, top scorers will have no better chance than low scorers of gaining a place. The test results will be used solely to ensure the range of academic ability - from low to high - among the 180 initial entrants matches the range among all similarly aged pupils in the surrounding area.

"The intake is going to be as near comprehensive as we can make it," said a spokesman for the college. While all applicants would be interviewed before admissions were decided, steps would also be taken to see that the proportions of entrants from ethnic minorities, and of boys and girls, reflected the composition of the neighbouring community.

The Kingshurst institution is being set up with capital from Hanson Trust and Lucas Industries on a site provided by the Solihull local authority.



# PA technology splinter group in buyout move

BY PETER MARSH

THE NEW technology consultancy group formed by senior managers at PA Technology, part of PA management consultants, said yesterday that it was interested in buying the whole of PA Technology as the core for its future activities.

The idea was given short shrift by PA which said that its technology operation was a key part of its business and was not for sale.

The purchasing option was almost certainly behind a request put to PA last Friday by Mr Lawrence Wilson, the Australian entrepreneur behind the breakaway consultancy, for a meeting with PA directors to discuss matters of mutual interest. PA rejected the proposal.

About 30 managers at PA Technology's main laboratory in Melbourn, near Cambridge, have said they will leave to join the consultancy, which will be jointly owned by its employees together with Australian companies controlled by Mr Wilson.

PA Technology has a staff of 350 and annual sales of about £30m.

Mr George Buchanan, managing director of the consultancy, said yesterday that by the end of the year it would have between 80 and 100 staff.

Mr Buchanan, former PA Technology international chief executive, said buying the whole of PA Technology would be a valid approach for the new consultancy.

Meanwhile PA has appointed Mr Ken Macrae, formerly PA group commercial director, as PA Technology's chief executive.

# Minimum changes to pensions forecast

**Eric Short reports on the 1986 Sex Discrimination Act which comes into operation next month**

THE MAJORITY of employers will be making only minimum changes to their company pension schemes - necessary to comply with the ruling on female retirement, under the 1986 Sex Discrimination Act. Few appear to be using the opportunity to implement full equality between men and women in their pension schemes.

This is the main conclusion to be drawn from an Income Data Services survey of 100 of its subscriber organisations on action being taken to conform with the act.

The act, which comes into operation next month, makes it unlawful for an employer to retire compulsorily a woman employee at an earlier age than a male employee.

Its enactment followed the European Court judgment in February, 1986, in the case of Helen Marshall,which ruled that to dismiss a women employee solely because she had reached her retirement age, which was earlier than for her male colleagues, contravened the EC Equal Treatment Directive.

The most straightforward way of complying with this requirement would have been to require pension schemes to implement equal retirement ages. However, this would have required the Government to equalise the state retirement ages from the present 65 for men and 60 for women.

Governments of both political parties have been discussing equalisation for more than a decade. The Commons committee on social security recommended a common retirement age of 63. But governments have consistently avoided making any commitment to equalise, despite growing pressure from the Equal Opportunities Commission, the trade unions and other organisations.

All the act requires of employers is that they allow women who wish to continue working beyond their retirement age to do so up to the retirement age for men.

Since such women deferring retirement would be treated under the late retirement provisions of the pension scheme, they would eventually receive an enhanced pension greater than that received by a man retiring at the same age with the same earnings and service conditions - a situation that is not generally regarded as achieving equality of treatment.

The IDS survey found that the vast majority of companies in the survey - 70 in number - followed the state retirement pattern, while another 11 had other differential retirement ages. Only 19 companies had a common retirement age - seven companies retired employees at age 65, another at age 60, and two companies had a common retirement age other than 60 or 65.

The survey sought to ascertain employers' intentions to comply with the act. Companies are being required to review their pension arrangements because of the requirements of the 1986 Social Security Act and it would be opportune to incorporate this in any changes.

Although the provisions of the 1986 Sex Discrimination Act come into force next month, 26 of the employers surveyed had still not decided what action to take. Another 42 employers were taking the easy line of action by simply letting women work on after retirement if they wished. A solitary employer claimed not to be making any change.

Some 11 companies currently with differential ages were taking the opportunity to have a common retirement age. However, views were divided over what this age should be. Employers were being caught between growing pressure to lower the retirement age for men from 65 and the rising costs of implementing such a move for each year the age is reduced.

The survey showed that post-November, 13 employers surveyed would have retirement at age 60, and 12 employers a retirement age of 65 - a move that would require women employees to work five years longer to qualify for a full pension.

Employers who were lowering the retirement age to 60 were in many cases using substantial surpluses in the pension scheme to cover the initial cost. Those employers fixing their retirement age at 65 indicated that they had a long-term commitment to lower this age

Only four employers in the survey were equalising the age at 62 or 63, a move that was regarded as a possible compromise between the social and the cost pressures.

The survey showed that no employer was yet prepared to take the forward-looking step of introducing a flexible retirement policy under which all employees would have the choice of retiring within an age band, say 55 to 65.

*Details of the survey from Income Data Services Ltd, 193 St John Street, London EC1V 4LS.*

The Defence Secretary will today attempt to calm Tory fears over the Royal Navy. **Lynton Mclain** outlines the background

# Blank order books present grim picture for warship yards

MR GEORGE YOUNGER, the Defence Secretary, is expected to try to calm fears at the Tory conference in Blackpool today that slowness in ordering conventional warships is jeopardising the Royal Navy and endangering Britain's warship yards, while money continues to pour into the £9.265bn Trident nuclear submarine programme.

Order books for the yards are in such a bad state that a leading stockbroking firm has forecast that the present eight yardscould be reduced to two in 10 years' time.

The official Ministry of Defence line is that "the export performance of the UK yards is not exactly staggering," a reference to how dependent they are on the Royal Navy for orders.

Nevertheless, Mr Younger is expected to use this afternoon's defence debate on "maintaining the nuclear deterrent" to sweeten criticism of the Government's ordering programme with an announcement of invitations to tender for the last four of the first batch of Type 23 frigates.

He is likely to do so at a time when warship ordering programmes have been "pushed to the right." This is a Whitehall euphemism for delays for budgetary reasons - ship orders are held back to fall into a future financial year. He will not say when the Ministry will order these vessels.

In the meantime, the MoD has decided to prolong the expected life of existing warships from 18 to 22 years. This will delay the need for new vessels.

The effect on the few remaining warship yards in Britain is continued uncertainty, an inability to order batches of long lead-time materials and equipment and a consequent failure to gain the benefits of an assured long-term programme.

This is the position in spite of the widespread knowledge that the Type 23 is to be the Royal Navy's standard general purpose frigate to replace its ageing frigate class, especially the 26 Leander.

The ordering pattern could be long, steady and certain, as there is a requirement for possibly more than 20 vessels. Four of the frigates have been ordered, three from Yarrow on the Clyde and one from Swan Hunter on the Tyne, but the yards have no confidence in future rates of ordering, in splyte of the MoD claim that three vessels will be ordered each year. The last Type 23 order was in July 1986. No firm orders for the frigate will arrive this year, as the invitations to tender are only just coming.

In addition to the expected announcement about the tenders for the Type 23, several other decisions affecting the immediate future of warship building in the UK are awaited.

It is known that the Government is about to order the second Trident ballistic missile nuclear submarine. There is only one possible contractor, the VSEL consortium at Barrow-in-Furness, Cumbria. The delay in confirming the order for the £650m submarine is largely accounted for by attempts by the MoD to pressurise VSEL into cutting its costs.

An artist's impression of a Type 22 frigate which could provide 20 more orders for naval yards

VSEL has already ordered long-lead items for the second submarine, HMS Vengeance, and £22m had been spent by the end of January, so the order will be no surprise when it comes.

The consortium is Britain's primary submarine builder. Only Scott Lithgow on the Clyde still has the desire and the capability to build conventional submarines, but the MoD says it cannot be a lead yard in submarines.

Scott Lithgow hopes to export its Oberon Mark 8 submarine, but its relations with the MoD have been soured by its failure to reduce a £13.8m bid for a range-mooring vessel and two barges to nearer the £10m the ministry wanted to pay. The contract is now out to tender to 14 companies, as the MoD seeks to show how its policy of competitive tendering can save money.

VSEL has sufficient future orders to be largely insulated from the problems that face other UK warship yards. It is guaranteed to win all four orders for the Trident submarines and it is also building four Trafalgar class nuclear hunter killer submarines. It is the only warship company to be awarded orders for the navy's new diesel powered submarine, the Type 2400, with work shared between the Barrow yard and Cammell Laird's on the Mersey, where the last Type 22 frigate is also being built.

The Type 2400 could be a contender for a £1bn conventional submarine order from Saudi Arabia and VSEL is a candidate for an export order from Canada for up to 12 nuclear powered hunter killer submarines, worth a total of Canadian $15bn (£7.1bn). The company failed to win a recent Australian contract for submarines.

The other warship yards, Harland and Wolff, Scott Lithgow, Swan Hunter, Vosper Thornycroft, and for smaller vessels, Brooke Marine and Hall Russell, have a much less rosy prospect. They have few orders in relation to their capacity.

For some of the yards, notably Swan Hunter on the Tyne and Vosper Thorneycroft at Southampton, where facilities are under-used and the order books stretch for two years or so at the most, workers and management desperately want more orders.

Swan Hunter has six vessels on its order book, but three of these ships have been launched and are close to being handed over to the navy. The yard announced last month a cut of 260 in the workforce over the next six months. Of the remaining three orders, HMS Chatham, a Type 22 frigate, is to be launched next year. The only other orders to work on are HMS Marlborough, a Type 23 frigate, and a ship for Cable and Wireless.

Swan Hunter is assuming it will win the second order for the new class of auxiliary oiler replenishment vessel, designed to service the Type 23 frigates. Harland and Wolff of Belfast beat Swan to win the contract for the first vessel and the prestigious "first of class" design work that went with it.

At Vosper Thornycroft, cited by one of the most senior MoD officials as the yard most likely to feature in any rationalisation of UK warship building, the emphasis is on smaller, specialised vessels. These include the glass reinforced plastic minehunters and minesweepers, using techniques developed by the company. The Southampton yard is building the first of the Sandown class of single role minehunter and was awarded a further order for four Sandown class vessels in July.

It is building a fast attack craft for a foreign customer and two more similar vessels are about to be delivered, also abroad. The last Hunt class minehunter is being built and apart from a new trans-Atlantic "Challenger" speed boat, this time for a US customer, the company has no big orders.

It is undergoing a change of direction in the absence of more naval work and intends to re-enter the market for luxury yachts over 100ft long. The company was reluctant to say last week whether it would bid for Type 23 contracts.

The Government is to decide before the end of the year on whether to join the project definition study for the eight-nation European Nato frigate for the 1990s (the NF90). Up to 60 NF90 frigates could be ordered by the Nato countries but the MoD is sceptical about the chances of benefiting from collaborative production arrangements for navy vessels. One official said the MoD would be very interested in collaboration on command control and weapon systems for the ship.

Towards the end of next year, the MoD is expected to finalise plans for replacing the Royal Navy's two assault ships, HMS Fearless and Intrepid, built in the early 1960s. Fearless has been in service for 22 years.

The MoD is content to let the vessels struggle on until the mid-1990s, when they will be over 30 years old, so their possible replacement, the so-called "landing platform dock" assault ship, will not provide immediate work for UK yards.

Other than these vessels, the RN has no plans for more orders and to fill their slipways the UK's warship yards are going to have to seek exports, or diversify into non-naval work.

# Financial data news service planned

**By Raymond Snoddy**

MR TED TURNER, the US media entrepreneur, plans to launch a financial data news service transmitted by satellite with the 24-hours-a-day television news service, Cable News Network.

Talks have already been held with the London Stock Exchange and other leading stock exchanges have been contacted about the service which could be launched in the first half of next year.

"The strategic concept is to provide more information in a more timely way to more potential business customers," Mr Robert Ross, managing director for CNN International Sales, said in London yesterday.

Instant data on everything from share and commodity prices and exchange rates, to breaking news on bids and any world event which could have an impact on the business environment will be broadcast with US-based CNN.

"It will be of interest to anyone in business buying or selling anything," Mr Ross added.

The concept is close to teletext where data is transmitted on spare lines in the television signal.

However, Mr Ross said a different technology is involved although he declined to give details at present. Technical trials, he added, were successful.

The financial news service would be marketed as an incremental service with viewers paying a subscription for the "black box" to decipher the stream of data. Potential customers are seen as the financial and corporate sector as well as rich individuals who trade regularly.

The possibilities include continuous text moving across the bottom of the screen superimposed on the CNN picture, or full text on a blank screen with a small segment of the CNN picture in a corner.

The text will also carry cross references to relevant visual material on CNN. Turner Broadcasting has yet to take the final decision to launch the service but this seems likely within the next few months.

Mr Ross did not give details of where the company planned to acquire the detailed financial information needed for such a service.

However, it is believed one of the companies Turner Broadcasting has been talking to is Pont Data, previously Bridge Data, the real-time electronic financial information group with headquarters in Sydney.

The service is likely to cover the worlds three main financial markets, London, New York and Toyko, where CNN is already available.

CNN, the world's first 24-hour television news channel is now available in some form in 54 countries.

Last month it was launched on cable networks in the UK and is now available on cable television in Finland, Sweden and France as well as the UK. It hopes to add Ireland, Denmark and Switzerland within the next few months.

European broadcasters really began to take notice when CNN had live coverage of the Shuttle disaster and more recently of the Irangate Congressional hearings."

# Volvo spare parts prices to be cut by up to 20%

**BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT**

PRICE CUTS of up to 20 per cent on a wide range of spare parts for Volvo cars are being implemented by the UK importer, Volvo Concessionaires, a Lex Service group subsidiary.

As a direct consequence, the cost of insuring most Volvo cars will drop because the Association of British Insurers has recommended the insurance group ratings be revised downwards.

Concessionaires said yesterday that the price cuts were part of a £4m project. This includes new computer systems in its parts centre at Crick, near Rugby, Northamptonshire and at the 290 UK dealers, which would cut costs by improving stock control and turnover as well as improve speed of service.

The company has also reduced its profit-margin on spare parts.

The price cuts average 20 per cent on parts for the small, Netherlands-built Volvo 300-series cars and 6 per cent on the Swedish-built Volvo 700-series.

Concessionaires claimed it would make "genuine Volvo parts competitive in price with those of the large volume manufacturers." About 100 of the most important parts for Volvo cars "now cost appreciably less than their equivalents from manufacturers like Ford, Peugeot, Rover, Vauxhall and Volkswagen-Audi."

The cuts should also enable Volvo car dealers to keep more of the available parts business. This is in line with another initiative, "lifetime care," launched by Concessionaires last year, which gives almost a lifetime's warranty against any defect in Volvo cars serviced by authorised Volvo dealers.

# BP to lead gas field plan

**BY LUCY KELLAWAY**

BP yesterday announced plans to press ahead with the development of one of the largest gas condensate fields in the North Sea. It said it had reached agreement with the eight partners in the Bruce field to start preliminary studies. These should result in development approval next year and production in the early 1990s.

The field contains 2.5 trillion (million million)cubic feet of gas and significant quantities of associated oil. Stockbrokers Wood Mackenzie estimate it will cost about £1.5bn to develop, making it the largest development being considered in the North Sea.

The field spans three North Sea blocks operated by Hamilton Brothers, Total Oil Marine and BP. The partners include RTZ Oil and Gas, Blackfriars Oil and Gas, Kleinwort Benson Energy, Britoil and Elf UK and they have agreed BP should act as operator to the field.

BP said negotiations for the sale of the gas to British Gas have started.





هكذا اصل الأصل

# Eurodollars can be paid in cash

**LIBYAN ARAB FOREIGN BANK V BANKERS TRUST COMPANY**

Queen's Bench Division (Commercial Court): Mr Justice Staughton: September 2 1987

**A BANK customer has a fundamental right to demand payment from his account in cash; and where cash payment can be achieved without illegality in the country where the account is held, the bank is bound to comply with such a demand at its own expense.**

Mr Justice Staughton so held when giving judgment for the plaintiff, Libyan Arab Foreign Bank, on consolidated claims against Bankers Trust Company (BT) for recovery of $131m and $161 m. A claim arising out of BT's failure to operate a contractual system of account transfers also succeeded. Three further claims, relating to BT's alleged failure to execute instructions, its alleged breach of confidence, and for recovery of credits due to alleged frustration of contract, failed.

HIS LORDSHIP said that in January 1986 the Libyan Bank had a call account with BT London, denominated in US dollars. Interest was payable. Credit at close of business on January 8 1986 stood at $131m.

It also had a demand account with BT New York, on which no interest was paid. Credit at close of business on January 8 stood at $251m.

On January 8 at 4.10 pm New York time the US President issued an order blocking "all property and interests in...the Central Bank of Libya...within the US or...within the possession or control of...overseas branches of US persons".

Consequently, after 4.10 pm on January 8 it was illegal by New York law for BT to make any payment or transfer of funds to or to the order of Libyan Bank in New York. Similarly it was illegal by the law of New York or any other American state, for BT to make such payment or transfer in London.

Nothing in English law prohibited such a transaction.

The Libyan Bank claimed *inter alia* the balance of $131.5m standing to the credit of the London account at close of business on January 8 1986; and $165m which, it said, ought to have been transferred from the New York account to the London account on January 7 or 8.

In December 1980 BT New York, by a managed account agreement, had agreed to open the demand account for Libyan Bank, with a peg balance of $500,000, any surplus to be transferred to London. The need for a transfer was to be determined each morning by examining the closing balance of the New York account the previous day. If appropriate a transfer back from London would be made with value the previous day - in other words, it would take effect from that date for interest purposes.

It was a term of the managed account arrangement that all the Libyan Bank's transactions should pass through New York.

In April 1984 BT decided to increase the profitability of the relationship. It unilaterally put into effect a new method which required consideration of the balance of the New York account at 2.00 pm each day. If it exceeded the peg balance of $500,000 the excess was transferred to London that day. Consideration was also given on the following morning to the balance at close of the previous day. If it was less than the peg balance a transfer of the appropriate amount was made from London to New York on the next day, with value the previous day.

The effect of the change was that Libyan Bank lost one day's interest when credits received after 2 pm exceeded payments made after 2.00 pm; and when the closing balance for the day would, under the existing arrangement, have required a transfer to be made that day.

*BT did not tell Libyan Bank* about that change. Libyan Bank did not appreciate what was happening until mid 1985. It complained in October 1985 and in November 1985 a new arrangement was agreed which was not in substance any different from the system BT had been operating since 1984.

At 2.00 pm on January 7 1986 the balance to the credit of the New York account was $165m. A transfer of $165.3m should then have been made to London. No 2pm transfer was made.

On the morning of January 8 $6.7m was available to transfer to London. The computer was not ordered to effect the transfer. At 2pm, after deducting the peg balance, $161.4m was available to transfer. No transfer was made.

On April 28 1986 the Libyan Bank telexed BT London instructing it to pay it $131m out of the London account "by negotiable banker's draft or to its order, or alternatively we will accept payment in cash".

It made a similar demand for *$161m on the same day*, on the basis that that amount should have been transferred from New York to London at 2pm on January 8.

An action was then started by the bank on the basis of those demands. It made a further demand on December 23 1986 for the $131m and $161m, and said it would not object to payment in sterling. A second action was commenced and the two were consolidated.

Under general principles of Conflict of Laws performance of a contract was excused if it had become illegal by the proper law of the contract, or if it necessarily involved doing an act unlawful by the law of the place where it had to be done.

As a general rule the contract between a bank and its customer was governed by the law of the place where the account was kept, in the absence of agreement to the contrary. There were no solid grounds for holding that the general rule did not apply. After December 1980 there was one contract, governed in part by the law of England and in part by the law of New York.

The rights and obligations of the parties in respect of the London account were governed by English law.

It was elementary that a customer did not own money in a bank. He had a personal, not a real right. The credit balance of the Libyan Bank with BT constituted a personal right - a chose in action.

At bottom, where were only two means by which the fruits of that right could have been made available to Libyan Bank - by delivery of cash, and by procuring an account transfer.

There would be formidable counting and security operations involved in paying $131m in dollar bills. There was no basis on which a bank would be entitled to charge for such a service. It must bear the expenses involved in obtaining cash when a demand was made which it was obliged to meet.

It was accepted that there would be no breach of New York law by BT in obtaining $131m in New York and despatching it to its London office.

There would be no difficulty in its obtaining sterling from the Bank of England equivalent to $131m. It would have to reimburse the Bank of England, and that would probably be done by a transfer of dollars from New York. Again it was not argued that such a transfer would infringe New York law.

Account transfer meant the process by which some other person or institution came to owe money to Libyan Bank, and BT's obligation was extinguished.

The means of transfer were irrelevant as long as the managed account arrangement subsisted, for it was a term of that arrangement that all the Libyan Bank's transactions should pass through New York.

The Bank was entitled unilaterally to determine the managed account arrangement on reasonable notice. The arrangement was determined implicitly by the Libyan Bank's telex of April 28 1986, and if that were wrong, expressly by solicitor's letter on July 30 1986.

After determination the New York account remained a demand account. The London account remained an interest-bearing account from which BT was obliged to make transfers on the instruction of Libyan Bank, provided no infringement *of US law was involved.*

It was said in defence that there was an implied term that transfer of funds from the London account would be effected only through US clearing houses, Chips or Fedwire. The term was said to be implied from usage of the international market in Eurodollars and from the course of dealing between the parties since 1980.

No such implied term was established by evidence or course of dealing.

In determining the obligations of BT London, the question was what sort of demands was Libyan Bank entitled to make and BT bound to comply with? It was necessary to distinguish between services which a bank was obliged to provide if asked, and services which many banks did provide, but were not obliged to provide.

BT was obliged to provide banker's drafts in London and banker's payment, if asked to do so, subject to the proviso that the instruments were eligible for London dollar clearing.

At the end of the day net debits and credits of members of the clearing would be settled by transfers in New York. Also the average value of transactions passing through London clearing was $50,000. An instrument for $131m would not have been eligible in the present circumstances, and BT was not obliged to comply.

The demand for payment in cash was the assertion of a customer's fundamental right. Every obligation in monetary terms was to be fulfilled by the delivery of cash unless otherwise agreed, or by some other operation which the creditor demanded and which the debtor was obliged or content to perform.

Demand was made for cash, and was not complied with. It was not argued that delivery of cash in London would involve any illegal action in New York. Accordingly, BT was liable on that ground.

By rule 210 in *Dicey & Morris 11th ed, page 1453* "If a sum of money expressed in foreign currency is payable in England, it may be paid either in units of the money of account or in sterling..."

It might be agreed that a debtor should not be entitled to pay in sterling. There was no express or implied term to that effect here.

When the general doctrine of *Dicey & Morris* was considered in the context of a bank account such as the present, and there was no express or implied term that the obligation must be discharged only in dollars, the customer was entitled to demand payment in sterling if payment could not be made in dollars.

There was an alternative demand for sterling, and it was not suggested that that would have involved any illegal activity in New York. Had it not held that payment should have been made in cash in dollars, the court would have held that payment should have been made in sterling.

With regard to the claim that a further $165m should have been transferred to London at 2pm on January 7 1986 it was held that BT was in breach of contract in failing to make the transfer. The result was a net loss to the London account of $161.4m. That must be added to the bank's first claim as an additional sum for which that claim would have succeeded but for the breaches of contract.

With regard to a claim in respect of BT's failure to make transfers in due time under the managed account agreement between April 1984 and November 1985, the court accepted expert evidence that under New York law that would be described as "a rather flagrant example of bad faith". BT had no defence to the claim under New York law. The Libyan Bank was entitled to damages.

*For the bank: Peter Cressell QC, WJL Blair and E McQuater (Lovell White $ King)*

*For BT: Jonathan Sumption QC and D Lloyd Jones (Linklaters $ Paines)*

**By Rachel Davies**
*Barrister*

Path to independence

# Giving up the chauffeur

**Charles Batchelor points out that for executives who choose to leave large companies to set up on their own the advantages can outweigh the disadvantages**

PETER BRIGGS IS unusual for a British manager. Five years ago he left a well-paid job with FMC Corporation, the Chicago-based machinery and chemicals group, to set up his own small company making fruit-labelling equipment in Norwich.

The business he founded, Sinclair International, now has a subsidiary in California, sells to 11 countries and employs 31 people producing annual turnover of nearly £3m.

"I decided that after 12 years with FMC gaining international experience there were things I wanted to accomplish outside the corporate fold," says Briggs, who is now 42. "I saw a business opportunity that FMC didn't have any interest in following up."

Briggs took a step that relatively few British or Continental managers are willing to risk: cutting loose from the comforts of a big corporation. Executives in the US have a reputation for being far more willing to strike out on their own.

"The psychology of managers in the UK is very different from that in the US," says one British executive who has experience in both large and small companies. "I don't see many managers in Britain around the age of 35 wanting to go into small business."

Why are British managers so reluctant to strike out on their own? The British Venture Capital Association commissioned a survey (see chart) 18 months ago which attempted to pinpoint the reasons. They are:

A lack of funds - either own savings or borrowed - was seen as a major factor. Rates of taxation are still relatively high compared with the US and mean that British executives are unable to save enough to risk launching out on their own.

Whereas, in the top most profitable non-financial businesses in the US and UK, 48 per cent of US managers can expect to have £1m or more in the form of savings, pensions and share options by the time they are around 40, only 3 per cent of their British counterparts will have anything near this figure, says Ronald Cohen of Alan Patricof Associates.

These financial constraints mean the manager's family may be reluctant to support him in his venture. If the manager has opted to send his children to private school and has taken on a large mortgage he will have little in the way of spare funds to ride out a business failure.

The arrival of portable pensions has made managers more mobile but many over 40 are still reluctant to move because of the loss in benefits they would suffer. In the US by comparison pension arrangements tend to be much less generous and play a smaller part in a manager's thinking.

Managers get used to the comfort of big company privileges. They have armies of assistants and secretaries around them to relieve them of the mundane chores. To set up on your own means doing it yourself.

"I had a Jaguar and a chauffeur, a 'top hat' pension, profit sharing and share options," says Peter Webber, formerly managing director of Imperial Group's restaurants division with £50m of annual sales. "Everything was exceptionally good. Why should one move?"

Webber did move though - to take over the running of My Kinda Town, the theme restaurant chain set up in London by the American entrepreneur Bob Payton - after Hanson Trust acquired Imperial.

A fear of failure deters many managers from making a move. The US is more tolerant of failure than Britain and tends to regard it almost as proof of an entrepreneurial spirit. In Britain, by contrast, City memories are long and association with a business failure can damage a manager's career for a very long time.

Finally, there are not many role models. The achievements of men such as Steve Jobs at Apple Computer are given wide publicity in the US. Fewer examples exist in the UK and those who do are often reluctant to advertise themselves in an environment which has long been hostile to wealth creation.

Despite these obstacles, however, there are clear signs of change:

● 3i (Investors in Industry) was surprised by the strength of the response to a recent mail shot it carried out to see if successful managers in mid-career would be willing to move.

"We asked 250 managers in large companies if they wanted to break out and do something fundamentally different or if they wanted to go on in their present companies for the next 20 years," explains Chris Woodward, 3i's marketing director. "I got 50 letters back from managers saying either that they had a proposition to put to us; that they wanted to buy out their company; or that they wanted to join a team to buy in to another company. I would not have got that response 10 years ago."

● Managers in big companies show no reluctance to join smaller firms if they are made an attractive offer, says Clive Mann, a director of headhunters Whitehead Mann.

"Some of our very small clients are willing to pay a salary at least equal to that being offered by big companies, with equity options on top. They have to because they need to put up a good management team to get venture capital finance. It's a chicken and egg situation," he explains.

● Finally, demand at business schools for the optional courses on small business management available as part of many MBA degrees is on the increase. "Our small business elective courses are more popular than they were five to 10 years ago," reports Robert Goffee, lecturer in organisational behaviour at the London Business School.

There are signs that the speed of change has not always been appreciated. One venture capital manager contacted for this article expressed pessimism but realised when he checked that much of his small firms portfolio was managed by escapees from larger businesses.

Change is occurring because gradually role models are becoming available and others are emulating them. Reductions in the higher rates of income tax and the introduction in 1984 of generous executive share options schemes - which can be cashed in from the end of this year - are starting to produce the "high net worth" individuals previously lacking this side of the Atlantic.

On top of this, the pace of economic change has meant life in a big company is no longer quite as secure as it once was. "Just because you join a big company does not mean you are there for ever," says Clive Mann.

Managers have become more willing to take up opportunities they believe are being missed by their employers. It was frustration with FMC's failure to expand its own fruit-labelling business which persuaded Briggs to set up on his own.

In similar fashion David Langston, an American executive working in Britain for a major US textile group, felt the UK disposable nappy business was "a market opportunity screaming out for entry." Problems elsewhere meant Langston's employer was unable to commit the funds so in 1985 he set up Blue Ridge Care in Consett, County Durham. In the space of two years the company has taken third place in the UK market with annual sales of £10m.

Probably the most significant development has been the growth of the management buy-out - now followed by the buy-in - as a means of giving managers their independence. Both provide managers with a relatively secure half-way house between the large corporation and complete independence.

"There is a different perceived risk in joining a buy-out or a buy-in compared with going off and starting on your own in the wood shed," explains Nicholas Ferguson, chairman of Schroder Ventures.

"Doing a buy-out usually means you can go to the same office in the same car. You give up the security of a big group but for your family nothing changes," says Harry Fitzgibbons, managing director of Hambros Advanced Technology Trust.

But despite these stirrings of the entrepreneurial spirit, there is still a long way to go. Greenfield start-ups remain few and far between and the availability of buy-outs may have persuaded some managers to avoid the tougher option of going it alone.

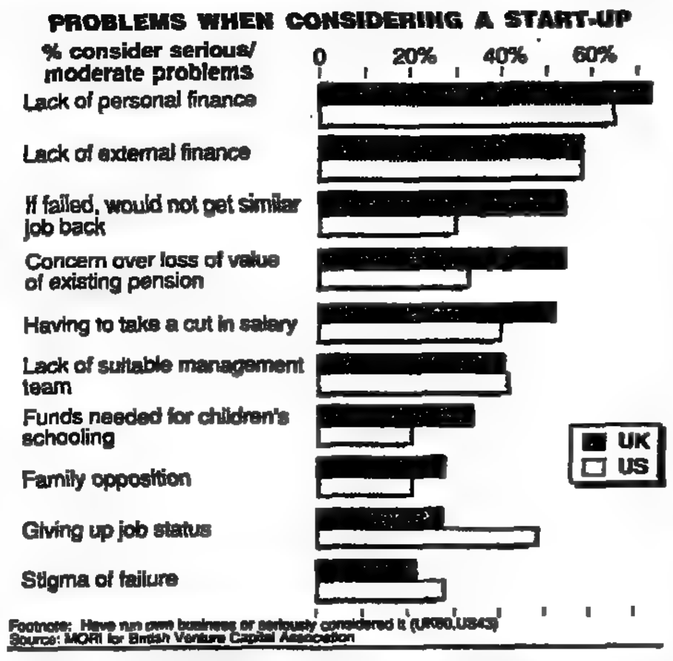
High technology ventures are relatively rare, partly due to the unwillingness of venture capitalists to back them, but also because managers in the large electronics and pharmaceutical groups show little taste for independence.

"Take bio-technology," says Nick Pasricha, a partner at accountants Arthur Young. "There is good technology in the universities but Britain has only a handful of world scale companies. There are good managers sitting in the big pharmaceutical companies who will earn £50,000 a year. If they come out they could make millions. It is difficult to see why they don't."

One hope of the venture capital industry is that the Inland Revenue will make it more attractive for managers to invest their funds in their own business. The British Venture Capital Association has lobbied for the tax perks available to passive investors under the Business Expansion Scheme to be extended to the BES-funded company's directors.

If executives can be persuaded to venture out, a tough if exciting time lays ahead of them. "Once you step out you don't have time to look back," promises John Pike, production director at Derwent Valley Foods, the crisp and cracker company started by former managers with Nabisco, the US foods group. "It was not an easy decision," says My Kinda Town's Peter Webber. "But the thought of going back fills me with horror."

PROBLEMS WHEN CONSIDERING A START-UP




Footnote: Have run own business or seriously considered it (UK60,US43)
Source: MORI for British Venture Capital Association

Peter Briggs: "I wanted to accomplish things outside the corporate fold"

# Glimmer of hope for jobs growth

**Charles Batchelor reports on a recent study**

SMALL COMPANIES may be capable of providing more jobs than was previously thought possible, according to the latest quarterly survey* carried out by the Small Business Research Trust.

Some recent research had shown that in Britain small firms ceased to create new jobs at a fairly early stage - much earlier certainly than was the case in the US. The rate of growth in the UK has previously tended to slow down once a business employs more than 20 people.

But the latest survey by the trust shows that more firms employing at least 100 people increased staff numbers between the first quarter of 1986 and the first quarter of 1987 than any size group in 1985 and 1986. A net 38.7 per cent of the (admittedly small) number of companies polled in the 100-plus category reported increases in the numbers they employed.

This may represent only a "glimmer of hope", says the survey, that smaller firms can continue to create more new jobs than previously thought but it is confirmed by the same companies' expectations for the second quarter of 1987. A net 35.4 per cent expect an increase compared with the first quarter, more than in any other size group.

Employment growth among small firms was strongest in the north-west, the east Midlands and the south-east and, surprisingly, in the manufacturing sector.

An unwelcome corollary of this increase in employment was a slight increase in reported shortages of skilled employees. Skill shortages remained well down the list of small firm problems - after finance and interest rates, tax, low turnover and competition from big business - but affected a larger percentage of firms than any quarter in the past 18 months. Eight per cent of firms had problems in the first 1987 quarter while 9.6 per cent expected problems in the second quarter. In the first 1986 quarter the figure was 7.2 per cent.

*Available from the trust at Francis House, Francis Street, London SW1P 1DE. £10 a copy or £30 a year.*

# Durable source of advice

HOW TO START up in business is a subject which has filled many yards of bookshelf space in recent years and there is no sign that the flow of advice is about to slow down. With the basic techniques explained in a score of publications - many of them available free from accountancy firms and the banks - every addition must fight hard for the would-be businessman's attention.

Richard Hargreaves' Starting a Business* is not a total newcomer but has now gone into a second edition following its initial publication in 1983. Its durability is due in no small measure to the author's clear and concise treatment of his subject and his detailed knowledge of the problems to be faced.

From the obvious generalisations about being prepared to stick it out when the going gets tough to the more detailed questions of preparing business plans and obtaining finance, he covers the ground the new businessman must tread.

Chapters are devoted to legal and tax matters, the importance of maintaining control and keeping good records and sources of outside help. Particularly useful are the check lists of questions to be asked at the different stages of the process.

Hargreaves, who now heads his own venture capital company, Baronsmead Associates, takes care to outline the risks involved. These cannot be entirely avoided but they can be minimised by not tackling too many areas of new skills, he says.

And while there is no magic formula for success, which depends more on attention to detail, most successful small businesses have some special feature which gives them an edge in the harsh competitive world.

He reiterates the traditional venture capitalists' maxim that it is the people running the new company who are the crucial element. Professional investors would rather back good people with an indifferent idea than poor managers with a good idea; good managers will be better able to react to the inevitable delays, crises and setbacks, he says.

*William Heinemann, 182 pages, £9.95.*

## Business Opportunities

**EXCITING BLOODSTOCK OPPORTUNITY**

Winners Enclosure 19887

Successful owner/businessman has available 2 shares only in a private partnership purchasing yearling's at the *Cartier Million* Goffs sale in Ireland

This is a unique opportunity to participate in the richest *2 year old race ever*

*For further information contact*

Brylgrove Ltd, Gordon House, Station Road, London NW7 2JU. Ref. IDM. Telephone 01 906 0916, 01-906 0507 (eve)

**TRADE OPPORTUNITIES IN FLORIDA**

Are you interested in developing trade opportunities in Florida? Representatives from the St. Petersburg-Clearwater area on the west coast of Florida will be in London on October 13 and 14.

To receive information or schedule an appointment in advance, please contact in the USA, William Castoro, Pinellas County Industry Council, 2300 Tall Pines Dr., Suite 113, Largo, FL 34641-5817 or Telephone 813/530-0200.

On these dates in London, call William Davis or William Castoro at the Royal Gardens Hotel at (01) 937-8000.

**ESTABLISHED BROKER**

Seeks further lessor for it's small ticket business

Write Box F7682, Financial Times, 10 Cannon Street, London, EC4P 4BY

**FINANCE FOR EXPORTS IMPORTS & UK TRADE**

**BACK TO BACK LETTERS OF CREDIT**

*Suited to your requirements*

ELKA FINANCE LTD

8/14 Bruton Rd, London N1 5BJ

Tel: 01-729 0465 - Telex: 268608

**INTERNATIONAL MARKETING ENTREPENEURS**

We will help you market your products or services worldwide. Thirty years of international trading have taught us everything we need to know to help you.

Write Box F7669, Financial Times, 10 Cannon Street, London, EC4P 4BY.

**MORTGAGES AND RE-MORTGAGES**

*From* 10% *Fixed*

Tel: 01-546 8857

*MAYBURY & COMPANY*

*Finance Brokers*

*16a St James's St, London SW1*

**WINDOW STOCKS FOR SALE**

£½m worth of leading brand, new window stock including timber, PVC, frames and patio doors. First offer over £80,000 secures.

Tel (0742) 680067

**WORKING INVESTOR**

required to manage expansion and development of classic car restoration company est. 1985, specialising Jaguar XK, Aston Martin, A.C., Ferrari. Superb facilities, staff and workshop manager.

Tel: Joan Hennessey, Godalming (04868) 4319/29720

**PRIVATE INVESTOR**

wishes to acquire an equity stake in a company with real growth prospects. Ample funds and, if required, financial expertise available. Start up ventures also considered.

Write Box F7676, Financial Times, 10 Cannon Street, London, EC4P 4BY

**FREELANCE REPRESENTATIVES**

required who have regular contact with spare part outlets, automobile dealers or agricultural and construction equipment users in Eastern Europe, Africa and the Middle East.

*Please reply with full details to* Box F7677, Financial Times, 10 Cannon Street, London, EC4P 4BY

Electronic design and manufacturing company has capital equipment product available for the automatic test equipment market. Seeks companies willing to spend £250K for entry into the market.

**PRINCIPALS ONLY:-**

*Write Box F7686, Financial Times, 10 Cannon Street, EC4P 4BY*

REQUIRE DEVELOPMENT CAPITAL? Interested in the Third Market? Gerhoff Bentley Ltd Tel: 01-748 9020

INVENTION. Electrical Therapy for use at home and in hospitals by Arthritic sufferers. Main Distributors required. Would consider licensing manufacturing/ marketing rights to well-established company. Patents pending most countries. Write Box F7683, Financial Times, 10 Cannon Street, London, EC4P 4BY

**EXPANSION FINANCE FOR GROWING COMPANIES**

Barry Edwards & Associates is an independent team of experts who specialises in helping companies raise finance for expansion and development. Our expertise is fully supported by an integrated planning service that includes:

Corporate Finance Marketing

Advertising Planning & Research and Credit Management.

Tel: 01-402 3907 or write to: Barry Edwards & Associates, 18 Stanhope Terrace, London W2 2TU

**PRIVATE PERSON WITH 2-3 MILLION SWISS FRANCS IN HAND WOULD CONSIDER INTERESTING INVESTMENT PROPOSALS.**

Cipher 24-308.213

Publicitas, 6901

*Lugano (CH)*

**FINANCIAL SPECIALISTS**

We help raise finance for expansion and development,

Prepare companies for USM,

Provide profit improvement & interim management services,

Conduct rescue operations.

Murray Management Services

7 Ashbourne Square, Northwood, Middlesex HA6 3BQ

Tel: (09274) 22144 and 29646

**COMMERCIAL FINANCE**

Competitive Rates

10.25% Fixed Interest Mortgages

Business Finance to 80% of cost

Asset-based Finance

Construction Finance to 100%

SOVEREIGN INSURANCE CONSULTANTS (LONDON) LTD

Tel: 01-379 6322

Fax: 01-379 4156

FIMBRA

**UNIQUE OPPORTUNITY**

EC100 MOTORCYCLES

New and Unregistered

Packed in Original Shipping Crates

Large quantity available.

*Full details on request*

LEAVESLEY INTERNATIONAL

Tel: 0283 791071. Fax: 0283 790532 Telex: 34238 LEAVES G

***INVESTOR***

*required for company owning high quality patents, now seeking additional funding to continue growth.*

*Inventure Ltd, 37 Queen Anne Street, LONDON W1*

*Telephone 01-631 1110*

**BROKERS**

required for expanding Leasing Company.

We are interested in Lease Values from £500 to £500,000.

*Please send full details via Box F7685, Financial Times, 10 Cannon Street, London, EC4P 4BY*

**SALES/MARKETING PERSON or ORGANISATION**

urgently needed to develop enormous potential for unique proven healing product.

Market includes hospitals, physiotherapists, sports, industrial, veterinary, equine and new moves into beauty therapy. Maybe a joint sales company. Write Box F7683 Financial Times, 10 Cannon Street, London, EC4P 4BY

Public Company seeking investment opportunities in new ventures. Can offer design, manufacturing and marketing from current group companies if appropriate.

Apply to The Chairman, in strictest confidence, Write Box F7679, Financial Times, 10 Cannon Street, London, EC4P 4BY

***PRIVATE INVESTOR***

seeks proprietor-run business in the service sector with historial profit record and current pre-tax profit up to £100,000 p.a.

*Write Box F7675, Financial Times, 10 Cannon Street, London, EC4P 4BY*

**SMALL DIVERSE COMPANY IN SOUTH WEST NEEDS CAPITAL INJECTION EQUITY OR DIRECTORSHIP AVAILABLE**

*Write Box F7689, Financial Times, 10 Cannon Street, London, EC4P 4BY*

INVEST IN CHANNEL ISLAND/UK HOTEL. Loan/Equity Capital required. Minimum investment £50,000. Principals only please. 01-341 2833 – REP AMI

## Courses

**THINKING OF GOING TO BUSINESS SCHOOL?**

Learn more by phoning the **Business Graduates Association** for free invitation to reception 21st October 01-637 7611

## Office Equipment

**EXECUTIVE ITALIAN OFFICE FURNITURE**

Collection of high quality executive and operational ranges finished in natural selected veneers: Rosewood, Walnut, Black Ash, Light Oak, including desks, returns, bookcases, sideboards, conference tables. Many configurations of systems furniture in bi-laminate finishes and light oak veneer. Substantial discounts.

FREE DELIVERY AND INSTALLATION

Full details tel: 0992 500567 – Fax: 0992 500568 – Telex 818193

## Business for Sale

# Tileman and Company Limited

(IN RECEIVERSHIP)

As a consequence of receivership, the opportunity arises to acquire the business and assets of the Tileman group. The group is an international Civil Engineering contractor and designer specialising in chimneys and other tall concrete structures. Group annual turnover in 1986 was approximately £12m and it has in excess of 100 direct employees worldwide. The group comprises the following:

IN THE UK:

- Civil Engineering and design contracting business
- Head office property in Putney, SW London
- Workshops and plant yard at Shipston on Stour
- Chimney linings, fire proofing and small incinerators business.

OVERSEAS:

Investments in the following major operating subsidiaries:

Tileman (SEA) PTE Limited – Singapore

Tileman (HK) Limited – Hong Kong

Tileman Canada Limited – Toronto

Tileman (Australasia) Limited – Melbourne

*In addition a number of associates and joint ventures operate in other countries, notably in Italy.*

For further information please contact: C G Bird FCA or J G Phillips FCA, Price Waterhouse, No. 1 London Bridge, London SE1 9QL. Telephone: 01-407 [illegible]. Telex: [illegible]. Telecopier: 01-[illegible].

*Price Waterhouse*

**For Sale**

**Aluminium Plating**

Company located in Leeds supplying the Aerospace industry (civil and military) with a low cost, environmentally clean coating process for protection against corrosion. Presently sole UK supplier.

Fully trained labour force operating modern fully equipped plant with certified approval from a leading aircraft manufacturer.

Turnover currently approx. £400,000 pa. Substantial scope for improvement in expanding market.

For further details please contact Arthur Young (ref DJP), Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH. Tel: (01) 831 7130 Extn: 3960

Arthur Young

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

**CHESHAM. BECAUSE YOU ONLY SELL YOUR BUSINESS ONCE.**

Chesham are the leading merger brokers in Britain and have confidential briefs from several hundred public company chairmen, who are looking to buy successful, private companies worth £500,000 to £25m.

If you're thinking of selling your business, contact our Managing Director to arrange a confidential discussion.

CHESHAM AMALGAMATIONS

The first name in merger broking.

Audley House, 9 North Audley Street, London, W1Y 1WF. Telephone: 01-629 5917.

**SPECIALISED LINING & COATING BUSINESS**

**LOYNE LIMITED – IN RECEIVERSHIP**

Business and assets for sale of this company and certain subsidiaries, which specialise in linings and coatings.

One company specialises in on-site painting contracts. The group operates at Dukinfield, East Manchester, from a freehold site of 5.8 acres in combined office and works premises of 58,000 square feet. Annual turnover approximately £3.7 million. There are 80 employees.

For further details contact:

John Warren FCA or Scott Martin FCA, Ernst & Whinney, Lowry House, 17 Marble St., Manchester M2 3AW. Telephone: 061-832 5784. Telex: 668202. Fax: 061-834 7117.

Ernst & Whinney

Accountants, Advisers, Consultants

**For Sale**

**Plumber's Merchants**

**(in Provisional Liquidation)**

**Offers are invited for the business and assets of: Hand and Brodie Limited**

**Est. 1960**

- Turnover £1.1 million p.a.
- Freehold property, 8,000 sq. ft. including fixtures and fittings.
- Stock plus goodwill.
- Located on Fenton Industrial Estate, Dewsbury Road, Stoke-on-Trent.

Further information from R.S. Preece, Provisional Liquidator.

Touche Ross

Eleven Albion Street, Leeds LS1 5PJ

Tel: (0532) 444741.

**WARSTONE CHAIN CO. LIMITED**

**(in administrative receivership)**

The Joint Administrative Receivers offer for sale the business and assets of Warstone Chain Co. Limited.

- Chain makers for the jewellery industry.
- Turnover c.£600,000 p.a. including a substantial *fashion element.*
- 28 modern chain making machines.

Enquiries to:

D. C. Lovett and A. D. Harries, Arthur Andersen & Co., 1 Victoria Square, Birmingham, B1 1BD.

Telephone: 021-233 2101.

ARTHUR ANDERSEN & CO.

**Envelope Manufacturers**

Mid Wales

The Business, Business Assets and Goodwill of Westminster Envelope Company Limited are offered for sale.

The Company operates from modern leasehold premises in Llandrindod Wells, Powys.

The company employs approximately 13, producing an annual turnover of approximately *£2.0 million – including Government* contracts.

For further details, contact Stephen J. Hall or the Administrative Receiver, Richard A. Smart at:

Deloitte Haskins & Sells, Tudor House, 16 Cathedral Road, *Cardiff CF1 6PN on (0222) 239944.*

Telex 498109. Fax (0222) 238838.

Deloitte Haskins+Sells

**ADAM MILLAR & CO. LTD.**

**(In receivership)**

Mr Pearse Farrell, the Receiver and Manager of this long established wine and spirit merchants, offers the business and assets of the company for sale as a going concern, assets include:-

- Freehold property comprising of extensive bonded and *non* bonded warehousing, production areas and offices located at Thomas Street Dublin 8.
- Wine and Spirit production and bottling plant.
- Extensive range of wine, spirit, mineral stocks and agencies.
- Nationwide distribution network and customer base.
- Highly experienced labour force.
- Extensive research and development into new products.

Enquiries to: Mr Martin Smith, c/o Adam Millar & Co. Limited, 10-16 Thomas Street, Dublin 8

Tel: 539500/542359

Telex: 90771 AMC EI

Fax: 539500/542353 Extn. 122

**Farrell Grant Sparks & Co.**

Chartered Accountants

6 Camden Place, Dublin 2. Telephone 751137/714409/714617. Telex: 90825 FGS EI.

**Manufacturer of High Quality PVC Plastic Products**

**Plascal Products Limited**

(IN RECEIVERSHIP)

The business and assets of this Glasgow based plastics converter are for sale by its receivers. Utilising high frequency welding techniques backed by graphic design, silk screen printing and foil blocking facilities the company produces made to measure professional stationery, packaging, ring binders and folders, marketing and point of sale aids.

- Annual turnover of £1 million.
- Prestigious client list.
- Full order book.

For further details contact: A B B Jamieson or B I Bennet at: Price Waterhouse, 28 Drumsheugh Gardens, Edinburgh EH3 7RN. Tel: 031-225 4242. Or at: Plascal Products Limited. Tel: 041 [illegible]. Telex: [illegible].

*Price Waterhouse*

**Confectionery Manufacturer**

The business and assets are for sale of Harvian Foods Limited (In Receivership).

The company was established in 1880 and manufactures a wide range of sugar confectionery products and novelty items *for the UK and international markets.*

- Purpose built freehold factory unit of 11,000 sq ft. equipped to latest hygiene standards.
- Turnover c. £450,000 per annum.
- Fully automated Baker Perkins Turbofilm cooking line.
- Long established customer base.

*Enquiries to: A E James FCA, Price Waterhouse,* Sun Alliance House, 35 Mosley Street, Newcastle upon Tyne NE99 1PL. Telephone: 091-2328493

*Price Waterhouse*

**FOR SALE – the business and assets of GLYNRICH ENGINEERING LIMITED**

*(In Receivership)*

J B Davis and R T Turner – Joint Administrative Receivers

- Pressing and light fabrication business
- Turnover £550,000 per annum
- Established 'blue-chip' customers in automotive/ *automotive after market/domestic appliance industries*
- In house production facilities
- Freehold premises
- Easy access to Motorway System/West Midlands

For further details, please contact J B Davis, Joint Administrative Receiver

Neville Russell

Chartered Accountants

Britannia House, 50 Great Charles Street Queensway, Birmingham B5 2LY

Telephone 021-236 7711 Fax 021-236 2778

M29058

**Helicopter Overhaul Company**

CAA approved. Heavy maintenance engine and component overhaul facility. Dual locations in the South. 19 employees. Turnover in excess of £1 million p.a.

Contact the Joint Receiver, Peter A. Hall, Grant Thornton, 31 Carlton Crescent, Southampton. SO1 2EW.

*Tel: (0703) 221231.*

Grant Thornton

CHARTERED ACCOUNTANTS

**Due to ill-health,**

**ACCESSORY SUPPLIER TO THE CLOTHING INDUSTRY**

Established and profitable company, based in Manchester, suppliers of accessories to clothing manufacturers throughout the North of England. Strong customer base. Continuing management available.

**Apply: ANTONY GOODMAN,**

**Gruber Levinson Franks, Chartered Accountants, Peter House, Oxford Street, Manchester M1 5AB.**

GLF

GRUBER LEVINSON FRANKS

Chartered Accountants

***Cash Flow Eased at Reasonable Rates***

If your company has sums of money tied up in good quality debtors you can turn them into immediate cash using either bills of exchange or an invoice discounting facility at rates of interest that may be less than your bank is currently charging you.

Alexanders Discount p.l.c. established in 1810, one of the members of the London Discount Market Association, have for many years specialised in trade finance.

For further information please write or phone:

*Alexanders Discount plc*

65 Cornhill, London EC3V 3PP Tel: 01-626 5467

**ROAD HAULIERS AND WAREHOUSEMEN**

**Runcorn, Cheshire**

P. Ramsbottom offers for sale the business of A.T. Galley & Company Limited (in liquidation). Briefly comprising:

- Freehold and long leasehold single storey warehouse and workshop totalling 27,000 sq ft
- 2.2 acre site with excellent access to motorways
- Substantial fleet of commercial vehicles and trailers with experienced drivers
- £500,000 annual turnover

For further information please contact: P. Ramsbottom or D.A. Tennant

KPMG Peat Marwick McLintock

7 Tib Lane, Manchester M2 6DS

Telephone: 061-832 4221 Telex: 668365

**Humberts Leisure**

**Classic Georgian Country House Hotel**

**Dorset/Wiltshire borders**

10 ensuite bedrooms, bar, lounge, restaurant, swimming pool and full leisure suite. Fully equipped stable yard with 25 boxes.

2 further houses

**In all about 5 acres of gardens and parkland.**

**Further land available**

**For Sale Freehold as a going concern with full inventory**

**Details: National Leisure Division, London Office Tel: 01-629 6700 and Shaftesbury Office Tel: (0747) 3492**

Humberts, Chartered Surveyors

25 Grosvenor Street, London W1X 9FE Tel: 01-629 6700

Leisure Industry: Hotels and Licensed Property Consultants

Old-established well-introduced

**TRANSLATION BUREAU**

with solid customer base and first-class panel. Principal retiring but would act as consultant for transitional period if desired. *Particularly attractive if used to expand existing business.* Substantial purchase price justified by earnings.

Write Box No. H2535, Financial Times, 10 Cannon Street, London EC4P 4BY

**Successful Contract Drawing Office For Sale**

Established 10 years with considerable scope for expansion within existing premises. *Operating in London* and South-East England.

Box No. H2636, Financial Times, 10 Cannon Street, London EC4P 4BY

**Computer Hardware Supplier - for sale -**

Midlands Company sells bespoke computers and many leading makes of peripherals and modules. Current t/o around £2m pa. Ten year variable profit record (no losses).

For details apply Box No H2634, Financial Times, 10 Cannon Street, London EC4P 4BY

**FOR SALE**

Long established repetition engineering company, based in the North West. Turnover in 1987 £362,000. Directors wish to retire in the near future. Good order books, excellent work force and porfitable. Net assets, appox. £100,000.

*Write Box H2656, Financial Times 10, Cannon Street, London EC4P 4BY.*

TELEPHONE 01-590 7555 EXT 213 FOR FREE DETAILS of over 800 London businesses for sale this week.

# Businesses For Sale

**KITCHEN FURNITURE MANUFACTURER**
**Near Accrington, Lancashire**

P.T. Masterson and P. Ramsbottom, Joint Administrative Receivers, offer for sale the business of Caro Limited (in Administrative Receivership) as a manufacturing unit.
Briefly comprising:
* Freehold property (approximately 27,000 sq. ft) adjacent to M65 comprising factory, offices and showroom
* Plant and machinery
* Trading stock

For further information, please contact:
P.T. Masterson or M.T. Seery

KPMG Peat Marwick McLintock
Unicentre, Lords Walk, Preston, Lancs. PR1 1LO
Telephone: 0772 50821 Telex: 668265

---

**COMMERCIAL AND INDUSTRIAL CLEANING BUSINESS**

Parent divesting a long-established commercial and industrial cleaning business. Current turnover of over £1,000,000, with good margins. The business has a pre-eminent position in its local market.
For further information please write to:

DG
DAVID GARRICK
39 Queen Anne Street, London W1M 9FA
Tel: 01 486 8142 Telex: 8954102

*The Professionals in buying & selling companies*

---

**PRIVATE PROPERTY INVESTMENT COMPANIES FOR SALE**

Only assets. Good quality properties consisting of shops, offices and mixed industrial. Large element of portfolio let to Public Quoted Companies or Government Departments on institutional type FRI Leases.
Total rent roll 1988 in excess of £1,740,000 per annum and rising. £17 million is required for the total assets of the Companies plus or minus any outstanding current liabilities/assets.
Note no discount will be given for any historical capital gains tax. However will consider part payment by quoted paper. A stake is not required. Replies from Principals and confirmed retained agents to Box H2635, Financial Times, 10 Cannon Street, London EC4P 4BY.

---

**D. J. HERRIOTT LIMITED (AND SUBSIDIARY COMPANIES) IN RECEIVERSHIP**

Business and assets include:
Computer software/hardware packages comprising multi-interfacing system for offshore/inshore hydrographic surveys.
Contact: P. J. R. Souter and P. J. Dickerson
Joint Administrative Receivers (ref. WJAS)
Howard Tilly & Co
Commonwealth House, 1 New Oxford Street, London WC1A 1PF
Tel: 01-404 5541 Telex: 21594 Fax: 01-405 2856

---

**HUNTLEY & PARTNERS**

WATERS EDGE LICENCED YACHT CLUB. Idyllic and highly sought after S. West location, beautiful wooded river valley. Substantial water frontage, extensive accommodation with 3 spacious and luxurious flats, bar/restaurant, workshops, stores, shop, quayside fuel point, 16 moorings, pontoon, car park etc. Unexploited turnover approximately £55,000 p.a. FREEHOLD OFFERS OVER £350,000 S.A.V. SOLE AGENTS. M 523

48 Mutley Plain, Plymouth PL4 6LE
Tel: (0752) 262311

---

**PROFITABLE ENGINEERING COMPANY**

For sale in South Midlands due to impending retirement. Tube manipulation and Fabication engineers, Presswork, C02 Welding, Brazing etc. Modern machinery. Turnover in excess of £800K and ripe for expansion with long impressive profit record.
Principals only write for further details to:–
Keith Jones, Taxation Consultant, 33 High Street, Evesham, Worcs, WR11 4DA

---

**FOR SALE**
**Marine and Industrial Engineers**
East Anglia

Well established and successful company. Turnover in excess of £1 million per annum. Substantial net assets c £1.5 million, including freehold properties. Interested principals, please write to Box No H2657, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**RES. Home Surrey**

Regd. 29-N.P. £123,308 P.A. Develop potential. P/P available. Expdg market. Immac prop. £1.5m. Ref: 70395 RS

**Nursing Home Essex**

Regd. 48. Superior Victorian prop. Avg income £8,000 p.w. N.P. 50%. Staff operation. Secure market. Valuable investment. £1.6m. Ref: 70695 NS

Further details
Professional Management Services, 63 High St., Skipton BD23 1EF
Tel: 0756-69511

---

**Established Contracting Business FOR SALE**

Involved in Civil Groundworks, Earthmoving and Plant Hire with excellent management team in place. Turnover for 1987 to exceed £5 million with profits in excess of £1 million and positive liquidity exceeding £3/4 million (asset value £2.4 million). Good clientele. Freehold 2 1/2 acre Contractors yard, and modern offices. Location North West of London, close to the M25 motorway. Principal considering retirement. Price required £15 million
Box No. H2649 Financial Times, 10 Cannon Street, London EC4P 4BY

---

**SPECIALIST TRAVEL AND GOURMET RESTAURANT GROUP FOR SALE**

Turnover £500,000+
Net Profit £50,000+

*Write Box H2659*
*Financial Times*
*10 Cannon Street*
*London EC4P 4BY*

---

**FOR SALE**
**Successful Screen Printing and Display Manufacturer**
(South Herts. close to M25)

Well established and successful Printing Company with its own products and sales organisaton. Turnover in excess of £500,000.
Principles only please to:
Mercer & Hole, Chartered Accountants, 72 London Road, St. Albans Herts AL1 1NS

---

**PLYMOUTH Ice Cream Factory**

Fully equipped and with substantial production capability. For sale freehold with all fixtures and fittings.
Apply: Chesterton Lalonde, telephone 0752 671167

---

**Photocopier Dealership**

Midlands based. £1.1m turnover– £250K (approx) net annual profit. Owner seeks outright sale or merger with similar company/s with a view to early flotation.
Principals only should contact Box No. H2646, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**Public House Refurbishment Business For Sale**

Trafford Park, Manchester
Trading profitably. Turnover £700,000 p.a. and rising fast. Work in progress £450,000. Price £250,000, subject to contract, including plant and 15 vehicles
Beesley Thomson & Co. Chartered Surveyors
061-236 8774
Fax: 061-236 9741

---

**MEDICAL COMPANY FOR SALE**

Annual turnover £2.5m. Well established medical company with good growth prospects.
Replies to Box No. H2644, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**U.S.A. Ford Dealership For Sale**

Pennsylvania, USA large Ford Auto Dealership available. Outstanding location, continued growth, highly profitable on large parcel. Excellent entry opportunity with number one auto manufacturer. Replies to: R.M. Rush, Managing Director, Montgomery Financial Corporation, Suite 310, One Breyer Park, Elkins Park, PA 19117-1591 USA. Tele: (215) 884-1800 Tex: (215) 886-6511

---

**Building Contractors For Sale**

Long established company based in Sussex, current turnover £1/1½m. Net profit before Directors' Emoluments £130,000 per annum (3 year average).
Principals only. PO Box H2632 Financial Times, 10 Cannon Street, London EC4P 4BY

---

**Freehold Motor Racing Circuit**

1/4 mile, all concrete track, plus practise area, 8½ acre site, 50 miles north of London. 20 meetings per year (Sundays and Bank Holidays) £1,000 net profit per meeting achieveable.
Offers in excess £125,000
Selling Agents R.S.B.S. 0234 68288

---

**Due to retirement MINK FARM FOR SALE**

Set in pleasant North West Countryside. Includes: Detached 3 bedroomed residence 5 acres of land, 2000 Breeder unit. All necessary buildings, fixtures, plant, machinery etc.
Net profit in excess of £40,000 per annum. Offers around £230,000 invited
Reply to Box No. H2641, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**ENGINE OVERHAUL**

–Aircraft piston engine and high performance automotive engine development and overhaul business.
–Well established and profitable.
–Turnover £400,000+
–Owner approaching retiring age.
Write box H2648, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**Lloyd's Broker**

For sale Lloyd's Broker, small UK Commercial account.
Principals only.
Write Box No. H2652, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**FOR SALE**
**Profitable Wholesale Meat Business in the Birmingham area.**

Annual turnover £2.5M.
Enquiries to Box No. H2653, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**Company Names For Sale**

The following company names are for sale:
Abbey Securities Ltd
Central & General Property Co Ltd
Gate Securities Ltd
Metropolitan Securities Ltd
Pembroke Securities Ltd
Renown Securities Ltd
South Molton Street Properties Ltd
Vigilant Securities Ltd
Wellington Securities Ltd
Contact S Moss on 01-629 9933

---

**LARGE DISCOUNT SHOE SHOP**

Superb prime retail site, Poole, Dorset. Turnover £250,000 plus. Substantial profits. £50,000 for lease, g/w, f and f.
Reply Box No. H2645, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**VICEROY AMALGAMATIONS LTD**

We have a wide range of businesses for sale throughout the UK
*For our latest list and terms of business please contact:*
BRISTOL (0272) 290320
LONDON 01-441 5757
*All enquiries will be handled in the strictest confidence*

---

**ENGINEERING (Switchgear etc) Company for Sale**

Operates from Freehold in London. Established great reputation since 1943. Annual T/O approx £½m. Many existing and potential orders.
Apply British Business Centre, PO Box 178, Radlett, Herts WD7 8LL

---

**FOR SALE**

Specialist Engineering Company. Established product lines. Strong order book. Sales over £500,000. Profitable. Located South Coast.
Box No. H2642, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**Privately Owned High-Tech Engineering Company**

Situated in the Midlands. Turnover £1 ½ million. Assets £½ million. Good order book.
Price sought £1½ million

---

**FOR SALE**

Ground Works Contractor Sales approximately £1.5 million. Profitable. Modern premises. Located South East.
Write Box H2650, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**U.S. PUBLIC CO.**

A NASDAQ eligible company with over 2,000 shareholders. S1 Registration. Available for sale or merger. Controlling ownership available. For information please send your company information to:
Vintage Group, Inc., 818 Fifth Ave., Suite 301, San Rafael, CA 94901, U.S.A. Telex 4972546 VINT SR.

## Exhibitions

GLASS ENGRAVERS Guild Exhibition, Leighton House, 12 Holland Pk Rd, London W14. Oct 10-24. M-F 11-4. Sat 11-5.

## Company Notices

**JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED**
(Incorporated in the Republic of South Africa)
Registration No. 01/00429/06
NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
DIVIDEND No. 123

Pursuant to the notice published on 26th August, 1987 members are informed that the rate of exchange at which payments of the above dividend are to be despatched by the United KinDIVIDEND No. 123

Pursuant to the notice published on 26th August, 1987 members are informed that the rate of exchange at which payments of the above dividend are to be despatched by the United Kingdom Paying Agents on 16th October, 1987 is 1 rand of 100 cents equals 29.534672p United Kingdom currency. The Gross dividend payable by the United Kingdom Paying Agents is therefore, equivalent to 295.3467p per share.

Holders of share warrants to bearer are informed that payment of Dividend No 123 will be made on or after 17th October, 1987 upon surrender of Coupon 124 at the London Bearer Office of Hill Samuel & Co. Ltd., 45, Beech Street, London EC2P 2LX.

| | Amount payable per share (U.K. Currency) p |
|---|---|
| Equivalent in United Kingdom currency of dividend declared | 295.3467 |
| Less: South African Non-Resident Shareholders' Tax of 12.92% | 38.1588 |
| AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE DECLARATION IS LODGED WITH COUPONS | 257.1879 |
| Less: United Kingdom Income Tax at 14.08% on the gross dividend (see Notes 1 & 2 below) | 41.5848 |
| AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS | 215.6031 |

COUPONS must be listed on forms obtainable from the London Bearer Office and deposited for examination on any week-day (Saturday excepted) at least seven clear days before the payment is required.

99, Bishopsgate,
LONDON EC2M 3XE.
5th October, 1987

BARNATO BROTHERS LIMITED
London Secretaries
A. F. Smith (Mrs)
Secretary

NOTES:
(1) The gross amount of the dividend for use for United Kingdom Income and Surtax purposes is 295.3467p per share.
(2) Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 14.08% instead of at the standard rate of 27% represents an allowance of credit at the rate of 12.92% in respect of South African Non-Resident Shareholders' Tax.

---

**B.A.I.I. FINANCE COMPANY N.V.**
**US$50,000,000 floating rate Notes 1983/1991**

The rate of interest applicable to the interest period from 30th September 1987 up to 31st March 1988 as determined by the reference agent is $8\frac{7}{16}$ per cent per annum namely US$214.45 per note of US$5,000

---

**NOTICE TO BONDHOLDERS OF THE SANWA BANK, LIMITED**
**U.S.$300,000,000**
**1¼ PER CENT. CONVERTIBLE BONDS DUE 2002**

Pursuant to Clause 7, sub-clauses (B) and (C) of the Trust Deed relating to the Bonds, notice is hereby given as follows: The issue of new shares by free distribution was determined on 19th September, 1987 in accordance with a resolution dated 20th August, 1987 of the Board of Directors of The Sanwa Bank, Limited (the "Company"), the particulars of which are set out below.

(1) The free distribution of shares of Common Stock of the Company will be made to shareholders of record as of 30th September, 1987 (the "Record Date") at the rate of 0.05 new shares for each share then held. Provided, however, all fractional new shares resulting from allotment under the free distribution will be sold by the Company and the proceeds will be distributed to shareholders in proportion to their interests in such fractional shares.
(2) Such free distribution will be made on 16th November, 1987.

Accordingly, pursuant to Condition 6 (C) (i) of the Bonds, the Conversion Price will be adjusted from Y3,059.00 to Y2,969.90 per share with effect from 1st October, 1987.

THE SANWA BANK, LIMITED

## Art Galleries

THE PARK LANE ANTIQUES FAIR, Park Lane Hotel, Piccadilly, London, W1. 01-499 6321. 7-12 October.

MARLBOROUGH, 6 Albemarle St., London W1. John Piper—Georgian Arcadia. 16 Sept-16 Oct. Fully illus. cat. avail. Mon-Fri 10-5.30, Sats 10-12.30. 01-629 5161.

SOLOMON GALLERY presents CARLOS NADAL. First major London Exhibition. 9.30-5.30 wk. days. Open Sat. 26th Sept. 10 Dover St, W1. 01-499 4701.

HUNGARIAN CONTEMPORARY Art Exhibition. 5th-10th October, Alpine Gallery, 74 South Audley St, W1. 10 am-5 pm. Sponsored by British Airways.

## Franchising

**YES!**
We ARE successful!
We have over 130 quick-printing Centres in the UK.
We have a franchise that WORKS.
With a great FUTURE.
And the highest EARNING POTENTIAL – in its field.
So if YOU want real success, have proven business skills, and capital of £27-30,000
call Anne Wright, Franchise Sales Manager, Freephone 0800 289700
Or write to her at Kall-Kwik Printing (UK) Ltd
Kall-Kwik House
106 Pembroke Rd, Ruislip, Middlesex HA4 8NW
Phone: (0895) 632700

Kall-Kwik PRINTING
Just a quick call away

# Businesses Wanted

**LICENSED DEPOSIT TAKING INSTITUTIONS**

Our clients wish to acquire for cash a Licensed Deposit Taker with the following characteristics:
* Based in London;
* Established for five years;
* Carrying on a banking business recognised as such for tax purposes by the Inland Revenue;
* Present financial condition must satisfy requirements for a banking licence to continue.

When replying, please enclose an audited copy of the Company's latest Reports & Accounts.

*In the first instance please write to Ken Anderson, Anderson, Squires Ltd., 127 Cheapside, London EC2V 6BU. Replies will be forwarded directly to our client.*

*Anderson, Squires*

---

**EMPLOYMENT AGENCY**

A well established, highly profitable company with exciting new ideas in the Employment market, wishes to acquire all, or part of an existing successful agency outside central London.

It is our increased prosperity that has led us to this desire for expansion. The objective will be to float the enlarged company in the near future.

Apply to Christine Owen F.C.A., Gruber Levinson Franks, Chartered Accountants, Peter House, Oxford Street, Manchester M1 5AB.

GLF
GRUBER LEVINSON FRANKS Chartered Accountants

---

**INFORMATION PUBLISHING**

Leading British publisher of business/professional information and reference works seeks to expand its publishing and information services interests by acquisition of profitable companies or publications.

*Principals should send full details in strict confidence to:*
Box H2404, Financial Times
10 Cannon Street, London EC4P 4BY.

---

**EQUIPMENT LEASING**

Leasing companies or portfolios with receivables of £2m+ required by UK subsidiary of major multi-national Group.

*Please reply in strictest confidence to:*
Tony Nelson
Managing Director McDonnell Douglas Finance Corporation Limited
11 Hill Street, London, W1X 7FB
Tel: 01-629 0155

---

**Plc Engineering Seeks Acquisitions**

A progressive plc is seeking to expand its business base through acquisition in the manufacturing sector

We are looking for companies in the small to medium size range with pre-tax profits of up to £1m

Consideration for the purchase of any acquisition can be based on cash or equity or a suitable mix

*Write Box H2271, Financial Times, 10 Cannon St, London EC4P 4BY*

---

**WANTED CONTRACT HIRE COMPANY**

A company with interests in the motor trade wishes to diversify into the field of Contract Hire of Cars in the UK. It is of particular importance that the operation is efficiently managed, that the company is showing good returns and that the management team will remain with the company after the sale. The purchase price is not a restriction for the right company with substantial additional funds being made available to enable expansion to take place.
*Write in the strictest confidence to:*
The Managing Director, Box H2651, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**WHOLESALE DISTRIBUTION/MANUFACTURING FOR LEISURE MARKETS**

North American Group, operating through its U.K. Subsidiary, which is already involved in the manufacture and wholesale distribution of products, throughout the U.K. and Europe, wishes to expand these activities.
We are interested in hearing from principals considering the disposal of their investments in Companies engaged in similar activities, and supplying into the Fishing, Caravan and Camping, Marine, Outdoor Pursuits or other leisure related markets.
Write Box H2647, Financial Times, 10 Cannon Street, London EC4P 4BY

---

"A successful, decentralised and well managed P.L.C. is expanding its existing interests in engineering, control instrumentation and plastics and is keen to acquire progressive companies in these fields.
Interested parties should write in strict confidence to:– Box H2631, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**IMPORT/DISTRIBUTION COMPANY**

A trading group wishes to acquire Import/Distribution Company having major part of its imports from Far East or Asia, dealing mainly in the import of giftware, houseware, stationery, fancy goods, toys, electronics, garments, fashion jewellery or any other non-food items.
Please write giving details to Box H2655, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**ITALIAN COMPANY**
with advanced organisation and well established industrial customers
**IS LOOKING FOR**
technical goods to be marketed in Italy. First class references and primary Bank guarantees can be supplied.
Please write to: Cassetta 42/A SPI 10100 MILANO

---

**VICEROY AMALGAMATIONS LTD**

We are fully retained by PLCs and private clients who are interested in acquiring companies in all sectors of industry and commerce. We will be pleased to talk to solicitors, accountants, trusts and vendors in the strictest confidence
*Contact us on:*
Bristol (0272) 290320
London 01-441 5757
Shrewsbury (0743) 246426
There is no charge to the seller

---

**BUSINESS CENTRES**

Fully quoted PLC is interested in acquiring further furnished, serviced office businesses. Existing management, while not essential, would be welcomed.
Warringtons PLC, Ref. AJL, 22 Brook Street, London W1Y 1AE

---

**International Publishing and Publishing Services Company**

seeks acquisition or venture capital opportunities in
– database management
– electronic publishing
– financial information services
– typesetting
– computing services and software
– network services

Write Box No. H2654, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**EXPANDING INVESTMENT GROUP**

Offering proven and innovative financial/marketing/management skills seeks active participation from £0.5m-£2m in profitable growth orientated companies. Turnround opportunities would be considered. Existing management could be retained.
Contact Glyndbourne Ltd. Phone (0628) 770011

---

**Project Management**

Substantial, City of London based, professional property, construction and cost consultants wish to expand their Project Management division by acquisition of established businesses. Write in confidence to Managing Director
Box No. H2637, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**BOULDING GROUP PLC**

Wish to purchase full works closures including plant, machinery, stocks, buildings and land.
Tel: 0742-680067
Fax: 0742-670196 Telex: 54229

---

**Engineering Company Wanted**

Established engineering company wishes to acquire a controlling interest in a light/medium manufacturing operation in jobbing, batch production or with own products. Turnover up to £2 million. Preferably profitable or with potential to be so.
B2640, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**PLC**
**WISHES TO ACQUIRE CASH-RICH COMPANIES AND LARGE CASH PRODUCERS**

In the first instance please write to:
Box H1985, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**WANTED FOR LISTED GROUP**

Insurance brokerages. Pensions and employee benefits consultancies. Personal financial planning and investment consultancies. Commission income above £250,000.
Write Box H2371, Financial Times, 10 Cannon Street, London EC4P 4BY

---

Established British Machine Tool Manufacturer wishes to acquire other businesses in this market area. Any size considered from small private company to large PLC.

Reply to Box No. H2656, Financial Times, 10 Cannon Street, London EC4P 4BY

---

**Small Public Company Required**

by rapidly expanding property investment and development group. Cash and properties to inject for control.
Apply Box No. H2630 Financial Times, 10 Cannon Street, London EC4P 4BY

---

**PLC WISHES TO EXPAND BY ACQUISITION OF MANUFACTURING OR DISTRIBUTION BUSINESSES**

*Write Box H2450, Financial Times, 10 Cannon Street, London EC4P 4BY*

---

**PUBLIC COMPANY'S**

wants to acquire Lloyd's Broking Firms and recruit teams of London Insurance Market Specialists. Equity participation possible.

*Write Box H7372, Financial Times, 10 Cannon Street, London EC4P 4BY*

---

**EXPANDING PLC**

Wishes to acquire Property Development Companies, Housing Companies, Contracting Companies or combination.
*In the first instance please write to Finance Director*
*Box H1922, Financial Times*
*10 Cannon Street, London EC4P 4BY*

---

**MAIL ORDER**

Wish to acquire mail order company, preferably marine leisure but all products considered. T/O min. £50,000 – max £300,00. Purchase price max approx £100,00. Trading at least 3 years. Brief details to:
Box No. H2607 Financial Times, 10 Cannon Street, London EC4P 4BY

## Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St, W1. 01-734 0557.

# Business Services

**Are you Communicating with Technology?**

If not, why not? Our communications systems services are designed to help you achieve the most cost-effective solution in relation to your organisation's specific communications requirements. Being totally independent, our advice is always impartial and not biased towards any manufacturer. We cover all aspects of communications, ranging from PABXs to major networks. We not only analyse your problems but also implement the solution. If you want to know more about our solutions orientated management and installation services call Peter Jones today.

SURECOM
SURECOM LIMITED
Amersham Bucks (02403)28083

---

**BUSINESS FINANCE**

* Property or Business Purchase
* Commercial Mortgages
* Business Expansion
* Management Buy-Outs
* Balance Sheet Lending

BERWICK FINANCIAL SERVICES PLC
For Financial Advice or Consultancy, telephone or write to our Manager
David Whittaker
43 Pall Mall
London
SW1Y 5JG
01-930 9631

---

**VICEROY AMALGAMATIONS LTD**

*We offer a comprehensive range of professional services in the following areas:*
Company Valuations; Preparation for Stock Exchange and USM quotations; Business Consultancy and feasibility studies; Industrial engineering services; Short and long term financial packages; Provision of consultants on contract basis
*Contact us on:*
BRISTOL (0272) 290320 LONDON 01-441 5757
SHREWSBURY (0743) 246426
*Licensed Credit Brokers*

---

**MAILING LIST MANAGEMENT**
***Do You Need Help?***

We specialise in computerising clients' mailing lists including post-coding and other codes for subsequent selection. No job too small. Label printing and laser letter printing available.
Phone: Ted Wood on (0892) 511315
CONCRETE LTD, Unit 17, Chapman Way, Tunbridge Wells, Kent, TN2 3EF.

---

**COMPLETE CREATIVE SERVICE**

TV, video, radio, brochures, advertisements. Award winning Creative & Design Consultancy can handle your communications project—conception, design, writing, production. Demonstrable experience in Blue Chip Corporate work, financial, industrial, and FMCG. Contact: Symon Blomfield on 01-743 6321.
S.P.A. Creative Ltd., 87 Percy Road, London, W12 9QH.

---

**LIMITED COMPANIES**
U.K. and International
Isle of Man & Non-Resident
EXPRESS COMPANY REGISTRATIONS LIMITED
Epworth House, 25-35 City Rd, London EC1Y 1AA
Telephone 01-588 3271 Telex 897475

---

**WE ORGANIZE**

Conferences, Conventions, Meetings, Seminars, Exhibitions, Company Presentations, Sports Events and Company Days Out
Newcomers to London Limited
01-567 9411
*(Brochure line anytime 24-hours)*

---

BUSINESS AND ASSETS of solvent and insolvent companies for sale. Business and Assets. Tel: 01-938 1164

INSTANT WORKING CAPITAL from Factoring. Professional and personal service. County Factors Ltd, Patrick House, West Quay Road, Poole, Dorset BH15 1BF.

DIRECT MAIL LISTS & SERVICES. 100s of ready-made lists immediately available. Suppliers to leading UK companies. Free catalogue. Market-scan, Freepost, Chichester, Sussex. Tel: 0243 786711.

COMPUTER SYSTEMS CONSULTANT—Business/Systems Analysis, Design, Trouble-shooting etc. Tel (09274) 27013.

## Ivan le Terrible/Elizabeth Hall

**David Murray**

Not Rimsky-Korsakov, but early Bizet: never performed since the manuscript was noticed again in 1938 and newly completed after the war by Henri Busser. (The opera is known to music-historians as *Ivan IV*, but *Ivan le Terrible* was to have been its title at the Paris Opera, like the lost opera that Gounod had already composed on the same libretto.) There seems to have been a second, finished version which Bizet destroyed; Busser had to orchestrate the fifth act of the surviving draft, and he chose to make a number of cuts throughout the opera. On Sunday the Chelsea Opera Group restored most of those, since a concert performance without the elaborate intended scenery can move much faster.

In fact this *Ivan* was one of the liveliest and brightest of the enterprising Chelsea Opera revivals, thanks equally to Bizet's score — not grownup Bizet, but as elegant and inventively varied as one would expect from the composer of *Doctor Miracle* and the Symphony in C — and to the eager Chelsea performers conducted so crisply by Howard Williams. The plot, which has some slender historical roots, is more ramified than *The Pearlfishers* but even more liable to look overdressed and silly in a full-scale staging, given its routine mock-exotic melodrama. Much better to appreciate the opera in the concert hall, if the performers go at it with the stylish enthusiasm of Sunday's cast.

The louring Ivan of Anthony Michaels-Moore grew mightily in stature, challenged by a tough pair of bass-baritone enemies: Tom McDonnell's Circassian Prince, robbed by Ivan of his daughter Marie, and Brian Bannatyne-Scott's sonorously scheming courtier. (Bizet distinguishes them all musically with assured skill.) The abducted Marie was Elizabeth Collier, whose soprano sometimes spread under pressure but was always fervent; as her frantically devoted brother Igor — though the kink in the story is that she actually falls for Ivan, her romantic duets are all with Igor — Justin Lavender was lustily heroic enough to excuse a habit of going sharp in fortissimo.

Igor is lucky with duets, for Bizet awards him several more with his baritone elders, none as haunting as the famous *Pearlfishers* number but each expertly dramatic. Chelsea chose to cast another tenor as the Young Bulgarian, whom Bizet imagined as a soprano (the role is there only for lyrical relief), and Howard Milner's fresh, appealing timbre wholly justified the choice. The young Swedish mezzo Gunvor Nilsson, as Ivan's kindly, icon-brandishing sister Olga, was yet another artist who whetted one's appetite to hear her again soon. Tiny roles were taken with distinction by the tenor Stephen Williams and the bass Jonathan May, and the chorus was impeccably keen. The general level of French, by the by, was creditably far above the British norm.

## Sinopoli/Festival Hall

**Dominic Gill**

The Philharmonic are still a great—potentially perhaps still Britain's greatest — symphony orchestra: but how much longer can they continue to tolerate Giuseppe Sinopoli as their music director and principal conductor? Effective promotion of an effective image (as the Marketing pages of this paper regularly remind us) goes a long way these days: but it is notoriously difficult (as the same pages also remind us) to bluff all of the people all of the time. After three long years, even the expertly marketed and stubbornly defended Sinopoli image, without a reliable product to sustain it, is growing distinctly thin.

Sinopoli's concert with the Philharmonia on Saturday night was a depressingly characteristic affair: a recital of the notes by a fine virtuoso band which at the same time offered no perceptible "view" of the music, no kind of original perspective or vital illumination. The Philharmonia can make a decent impression, and indeed from time to time a brilliant impression, under anyone who can beat time clearly.

Sinopoli may perhaps know in broad terms what effect he intends his performances to have, and where he intends them to go—but in his principal role of efficient time-keeper, left hand as ever vigorously mirroring the right, such matters as the subtle interplay of instrumental texture, the subtle dovetailing of counterpoints, the variety of colour and rhythmic emphasis, seem to be left largely to chance.

That, at least, is once again how Saturday evening's performances *sounded*. If there is an obviously "effective" gesture to be made—a sudden pianissimo, and big brash climax, a particularly arresting instrumental combination—then Sinopoli will seize it, and for lack of any other focal point in his interpretation, commonly also inflate it out of all proportion. But the middle-ground of the music, where those gestures themselves are generated, and from which they gain their context and meaning, remains unremittingly bland.

For this reason a close description of a Sinopoli performance is most often a description of what is missing, rather than what is actually there. Nothing in the least remarkable happened in his account of Elgar's *Falstaff*—but a world of subtle colouring and dramatic interplay was absent. The Mendelssohnian scherzo of Schumann's second symphony buzzed with predictable brio: but the rest of the music, notably the soaring adagio, emerged as a one-dimensional representation, flat and charmless, without character or depth. An interlude, altogether too brief, was provided by the Philharmonia's principal bassoon, Meyrick Alexander, who played Mozart's little bassoon concerto K191 with real warmth and charm.

## Two artists win the £10,000 Barclays Bank award

Two artists, Frank Creber and Philip Kett, have shared the annual £10,000 award sponsored by Barclays Bank for postgraduate painting students, selected on outstanding merit by an independent panel of judges.

Both studied at the Chelsea School of Art, and their work, together with that of other young artists selected for the competition, is on show at the Henry Moore Gallery at the Royal College of Art until October 10.

## Paris exhibitions/William Packer

# Painted with Apollo in mind

"Les Baigneuses" by Fragonard

By an intriguing coincidence a group of exhibitions now current in and around Paris prove to be curiously sympathetic, although the two artists concerned are separated by medium, preoccupation, nationality, and some 200 years.

The Grand Palais is dominated by the work of the last great master of the French roccoco, Jean-Honore Fragonard (until January 4, then on to New York: sponsored in France by the Banque la Henin and by Fimagest). The exhibition continues magnificently the series of studies in French painting, from the 17th to the 19th centuries, put on at the Grand Palais in recent years: to see Fragonard now, so close upon Claude (1983), Watteau (1984) and Boucher (1986), is to move nearer to a definitive view of the art of the "ancien regime" in France.

To be set against this is the more bracing work of the modern Scottish sculptor, poet and pamphleteer, Ian Hamilton Finlay, shown in three quite distinct but related exhibitions all supported by the same sponsors—Cartier, Glenlivet and the British Council. The principal show has been put on by the Fondation Cartier pour l'Art Contemporain at its art centre in the village of Jouy-en-Josas, on the western outskirts of the city (until December 13).

*Poursuites Revolutionnaires* gives both the title and the clue, for Finlay is steeped in the polemic and principles of the Revolution, and has made particular play—in the texts that are central to his work—with the maxims of Saint-Just. The spirit of neo-classicism informs the work, the aesthetic purity and high-mindedness of which so reflected the political imperatives of the time.

"For the best of the Jacobins," says Findlay in a dictum published with his catalogue, "the Revolution was intended as a pastoral whose Virgil was Rousseau." He delivers such texts either in print or by physical inscription on objects or material, and insistently the classical reference is to bucolic myth and metamorphosis, to gods and nymphs in Arcady.

The principal display at Jouy, which fills all three levels of a somewhat sinister bunker or blockhouse behind a screen of trees at the lower edge of the park, is not so much dominated as punctuated with the images in silhouette, derived from Bernini, of Daphne in desperate flight from Apollo. "Many descriptions of Saint-Just," says Finlay, "seem to be composed with the god Apollo in mind . . . The Republic flies, the Revolutionary pursues her"—the beautiful ideal impossible to attain.

These same images with their text from Ovid are at the heart of the smaller show, *Pastorales*, at the Galerie Claire Burrus (30-32 rue de Lappe, near the Bastille: until November 9), along with a number of broadly related works: "And even as she fled she charmed him. The wind blew her garments and her hair streamed loose . . . So flew the God and the Nymph—he on the wings of love and she on the wings of fear."

His third show, in the *annexe to the Bibliotheque* Nationale (4 rue Vivienne, 2me: until October 31) is a single tableau set out with ancillary documentation. Its subject is the Battle of Midway in June 1942, between the American and Japanese carriers at the turning point of the war in the Pacific. The seven capital ships engaged are each represented by a white beehive and are separated by seven rose bushes that rise head high on their slender stems to burst into dark clouds of foliage. "Here perished the sea-hives, consumed with their most choice swarms by their own flame-bearing honey."

"Ink Stand," 1987, by Ian Hamilton Finlay

For all his fierce polemic and theoretical engagement elsewhere, Finlay remains at heart the sculptor and poet of mysterious, ironical, poetical suggestion, at his most interesting when most ambiguous. "Toute chose sacree," runs the inscription on the simple tablet, "et qui veut demeurer sacree s'enveloppe de mystere."

Thus, by an elliptical path, we come back to Fragonard, whose career was ruined by the Revolution, yet who became the pensioner of the State upon the intervention of David—the first great apostate of the roccoco—and died in obscure poverty in 1806, when already the Empire had succeeded the Republic. Critical obscurity was to last into the 1860s, when the interest of the brothers Goncourt first revived his reputation; but even so he has remained something of a fugitive and marginal figure, delightful enough but essentially unserious.

This exhibition, therefore, is as important as it is delightful, for it reveals at last an artist of true originality and power. The amused, humane eroticism is clear, whether worked up into the decorative and finished canvas or left transient and suggestive, a mere thought upon the page. The stolen kiss; the high flirt of a skirt and flash of a thigh; clandestine meetings; curious girls in the dormitory; the artist and his model; the blush on the cheek and the heave of a breast; there may be a case to be made for Fragonard the moralist, but it could be in no sense an apology, for what touches us is no pathological prurience but only an affectionate understanding of life's amorous, eternal comedy.

But it is never subject-matter alone that makes the artist but what he does with it, and here we find an artist by no means limited to a single genre. And while the variety in the work comes as something of a surprise, the boldness and fluency in the handling are what astonish us. The expressive vigour and freedom of the half-length "Figures de Fantasie" recall no contemporary artist but the earlier Hals and the later Delacroix and Gericault. Fragonard seems now to stand at the crossroads of painting: more cosmopolitan than not; a delicate realist after his first master, Chardin; heir to the courtly gallantries of Watteau; wry social observer but without satire and bawdry; and high Romantic before his time.

Heir to Watteau, indeed; but with little of his besetting melancholy. The delight there is in Fragonard's work lies in his very directness and lack of complication. In his greatest paintings all comes together with a subtle and active easiness. An entire end wall of the upper gallery of the Grand Palais is given to "La Fete a Saint-Cloud," a huge canvas dating from the late 1770s; it is painted with the lightest touch, clearly unfinished in places and left happily at the merest suggestion in many others. Bathed in the golden afterglow of a late summer afternoon, the players enchant their audience from their stage beneath the trees, children sit enthralled by the puppet show, and passers-by lean over the balustrade by the market stall, quietly passing their time away at the most perfect "Fete Champetre" there ever was.

## "Midday Mozart" at the Elizabeth Hall

A series of lunchtime concerts, *Midday Mozart*, will be held in the Queen Elizabeth Hall in October, to be performed by the Capricorn Ensemble on October 6, 13, 20 and 27.

## Blakely Celebration/Lyric

**Martin Hoyle**

On Sunday his friends, colleagues and family gathered at the Lyric, Shaftesbury Avenue, to celebrate the late Colin Blakely whose death earlier this year deprived the theatre and cinema of a superb professional, an admired exemplar and a much-loved friend.

In aid of the Elimination of Leukemia Fund, this was an occasion to record and savour, not to criticise. The warmth of the family was represented by no less than three Blakely sons; old friends included Albert Finney who hosted the evening, staged by Bill Bryden; and the personal dimension could be detected in the unexpected — Patricia Routledge, for instance, singing "My Colouring Book" as if it were Lieder with the musicality of one who has triumphed in Offenbach operetta, Jim Norton reading an Ulster poem in tones that recalled Blakely's own, and Alan Bates with Louis Macniece.

Blakely's last performance was in *A Chorus of Disapproval* and the evening opened with the latest from the hapless amateur thespians of Pendon chronicled afresh by Alan Ayckbourn—the rehearsed reading of *A View from the Pump* by the late Murdoch Park who so influenced Dylan Thomas (or possibly vice versa). The harassed Dafydd was here embodied by David Jason whose lank grey hair, centre-parted, oddly evoked Sir John Barbirolli. One can only regret, on the evidence of his lyrical effusion, that Mr Park's musical on the life of Nelson, *Kiss Me, Hardy Hardy, Kiss Me*, has not so far reached the stage.

Another Blakely success was echoed with a scene from Pinter's *Old Times* with Dorothy Tutin, watchful as a cat, from the original cast. Michael Gambon broadened the humour for the occasion; Patricia Hodge looked exquisite and slightly at sea.

The curtain rose on Michael Frayn's new *Audience* to reveal four rows of theatre stalls. The glum Jeremy Irons (the playwright, it transpires) is vaguely menaced by Patricia Hayes's decrepit usherette and soon joined by Penelope Keith and Margaret Courtenay whose grimly determined attitude on modern drama ("We'll stick it out") recalls the bulldog doughtiness of the late Peter Bull. Other spectators include an adulterous pair (Simon Cadell, lecherous, and Jane Asher, furtive), Robin Bailey's sardonic know-all (critic?) with young friend, and a geriatric American couple ("Don't worry dear—seven more shows to see, then we can go home"). A family party led by John Alderton and Alison Fiske crash in late.

This audience's reactions are sometimes very funny ("I wonder if that hearthrug's washable," murmurs Miss Courtenay absently, watching the sex scene). The piece inevitably fizzles out but could be well worth developing.

After an excerpt from *Groucho* —marvellous Marxist propaganda from Frank Ferrante and Les Marsden—the compilation ended aptly with an epilogue. Vanessa Redgrave, to whose Rosalind Blakely played Touchstone in those halcyon Stratford days of 1961, delivered the closing words of *As You Like It* looking dazzling, like Tilburina in white satin though not so mad.

## Elly Ameling/Wigmore Hall

**Andrew Clements**

Elly Ameling gave two recitals in the Wigmore Hall last week. The first had ranged exceptionally wide — from Mozart and Haydn through the German and French 19th century to a final group of Italian and Spanish songs that would have satisfied the most discriminating collector of rarities. The second, on Saturday, homed on to the core of her expertise — the French-song tradition and Schubert.

The French half itself began with a curiosity: Honegger's Three Songs from Andersen's *Little Mermaid* made a striking opener, stark and unadorned for the first two, bursting into sly aphorism for the final "Song of the Poet." An unknowing listener would have labelled it unhesitatingly as Poulenc, but the genuine article was represented by *Fiançailles pour rire* which Ameling presents to perfection, with a polished, tongue-in-cheek for "Il vole," beautifully turned, gently caricatured elegance for "Violon," and summoning a diseuse-like throatiness for the lower phrases of "Fleurs."

The same coloration was used less appropriately though sparingly in a Debussy group. The poise again was unfailing—throughout the first set of *Fêtes galantes*, and in "De soir" from *Prose lyriques*—but the emotional range remained tightly buttoned. The setting of Baudelaire's "Le Jet d'Eau" remained earthbound, well endowed with *luxe* and *calme*, but precious little *volupté*.

The ten Schubert songs that constituted the second half of Ameling's recital ranged freely through some of the most familiar recital items. The fusion of style and feeling that she purveys is utterly familiar by now; and is perfectly scaled to the Wigmore Hall; the voice, carefully husbanded, fits the auditorium like a glove. Here also Rudolf Jansen's accompaniments, somewhat recticent in the French songs, acquired more character and assertiveness. Provided one accepted the parameters of the performance it was all admirably judged, and was eagerly consumed by the capacity audience, but the lack of adventure, the refusal to leave well-trodden paths of interpretation did begin to intrude before the end.

## Saleroom/Antony Thorncroft

# Mammoth Moghul money

This is coin week in London with all the leading dealers and collectors in town for Coinex, at the Marriott Hotel, starting on Thursday. The auction houses are naturally cashing in on the occasion, with Glendinings holding its sales yesterday.

It was all rather small beer compared with the gold coin that Habsburg Feldman, the newly established auction house in Geneva, intends to offer at auction on November 9. It is the largest gold coin known, weighing twelve kilos and made from 22 carat gold. It was minted in Agra in 1613 for the Moghuls and bids of around $10m are anticipated, which if forthcoming would make it easily the most expensive coin ever sold, as well as the heaviest.

Christies was selling continental ceramics with some success yesterday. The auction totalled £383,527, and 16 per cent was unsold, largely because what should have been the most expensive lot, a Royal Berlin presentation vase, standing 69.5 cm high, and made around 1855, was bought in when the bidding reached £24,000. A Meissen garniture of five vases and three covers was some consolation, selling to the London dealer Brian Haughton for £52,800 comfortably above estimate. Made around 1738 the vases are decorated with exotic birds.

An interesting item in the sale was a Habaner beer jug of 1680. Habaner wares were made by Italian Anabaptists of the 17th century who fled to Germany and Hungary to avoid persecution. They survived on their potting skills but pieces by them rarely reach the market. This example sold within estimate at £4,180. A Meissen chinoiserie silver mounted tankard painted by Stadler and dated to around 1728, was bought by the Swiss dealer Segal for £16,500.

Antique fairs have suddenly become all the rage. Dealers have found them good for business, not least the opportunities to pick up new clients. On Wednesday the now firmly established Park Lane Hotel fair opens at noon. It closes on October 12.

Park Lane is aimed at the serious, but modestly financed collector. There will be 38 exhibitors, ranging from the ubiquitous David Messum, with his modern British pictures, and Owen Edgar, another leading picture dealer, to newcomers Graham & Oxley, offering ceramics, and Peter Francis. The loan collection this year comes from merchant bankers Kleinwort Benson, who over the years have built up a choice group of original prints of London. They will be loaning some linked to London as it looked in 1837 at the accession of Queen Victoria.

## Greenwich Theatre's programme

Greenwich Theatre's new season opens on October 23 with *A Collier's Friday Night* by D. H. Lawrence, set in his native Nottinghamshire with an autobiographical background, John Dove directs.

This will be followed on December 3 by a co-production with the Everyman, Cheltenham, of Jule Styne's musical *Bells are Ringing*, directed by John Doyle and starring Leslie Mackie.

Alan Strachan then directs Alan Ayckbourn's *How The Other Half Loves*, from February 4, followed by *The Musical Comedy Murders of 1940* by John Bishop from March 23, starring Simon Cadell.

Schiller's *Mary Stuart*, translated by Robert David MacDonald opens on May 11, directed by Tim Albery, and is followed from June 29 by *To Kill A Mockingbird*, adapted by Christopher Sergel, produced in conjunction with Nottingham Playhouse.

The season ends with a new production of Peter Nichols' *Forget-Me-Not-Lane*, directed by Alan Strachan, which runs from August 17 to October 1.

# Arts Guide

October 2–8

### Theatre

**NEW YORK**

**Fences** (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

**A Chorus Line** (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

**La Cage aux Folles** (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

**WASHINGTON**

**Breaking the Code** (Eisenhower: Derek Jacobi brings his role of Alan Turing to America. Ends Oct 31. Kennedy Center (254 3670).

**Red Noses** (Goodman): The American premiere of Peter Barnes' medieval vaudeville comedy pits Father Flote (Ivar Brogger) against the plague with his remedy of humour. Ends Oct 31. (443 3800).

**TOKYO**

**Les Misérables**. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was hand-picked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

**Noh by Torchlight** (takagi Noh). Ideal for the lovely cool autumn evenings, this threatre by firelight offers a rare chance to experience Noh in its original outdoor setting. The effect of strategically placed fire caskets around the darkened stage is perfect for its other-worldly atmosphere. Yoroboshi is about a reconciliation between a father and his banished son who becomes a beggar-priest, and is followed by the kyogen comic piece, Tsuto Yamabush. The pocket books A Guide to Noh and Guide to Kyogen (available at hotel bookshops), give the plots. Hibiya City Plaza, near Ginza. (Thur). (237 9999; 595 0285).

**LONDON**

**Antony and Cleopatra** (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear. Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

**The Phantom of the Opera** (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

**The Balcony** (Barbican): Sadly dated and heavy-handed opening to the RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities. Terry Hands directs, Farrah's set looks like a cheap pink brothel and the actors, a dull lot, clump around on high boots in big bulging costumes. (628 8795).

**Follies** (Shaftesbury): Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque re-union in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

**Serious Money** (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

**FINANCIAL TIMES**
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday October 6 1987

# When stags go too far

THERE IS no doubt that Mr Keith Best, the former Tory MP, acted in a deceitful manner when he made six applications for shares in the British Telecom flotation using different variations of his name. But it was by no means so clear, at least at the time, that this was the kind of criminal behaviour that merited four months in prison. Yesterday's decision by the Court of Appeal to increase his fine but quash the prison sentence is to be welcomed on two counts.

First, there was too great a discrepancy between his original sentence and that imposed upon other, similar offenders. Although it may be argued that as an MP and a member of the Bar he deserved an exemplary punishment, a term in prison was a great deal more savage than the not-too-crippling fines that had been imposed on other multiple applicants. It also looked out of line with the relatively mild penalties imposed recently on another stock market related offence—insider dealing. Unlike multiple applications, insider dealing has been specifically recognised as a crime by the legislators, and it is much more likely to be recognised by the public at large as criminal activity.

### *Curbing speculators*

This is the second argument for yesterday's ruling. Although it might have been regarded as rather dubious practice, the fact is that no one would have regarded such speculators as criminals until the Government's privatisation programme got under way. An important motive behind that policy is the wish to spread share ownership into as many hands as possible by promoting and pricing the issues in such a way as to ensure mass appeal. To meet that objective, the Government has had to look for ways of limiting the influence of speculators who are interested only in short-term gains, and of sharing out the rewards so as to leave room for genuine first-time investors.

No privately-owned company has ever attempted to use the Theft Acts to put multiple applicants behind bars: the expense and inconvenience would far outweigh any possible gains. Only last week, the advisers to the Eurotunnel issue made it clear that although such speculators might have their applications turned down, they would not be prosecuted.

### *Serious warning*

Of course the Government is free to impose such conditions on buyers of state-owned assets if it wants to; a jury then has to be persuaded that a dishonest act has indeed been committed. But like the privatisation policy as a whole, this aspect of the programme has been developed over the years and was not given such a priority in the early days. In the forthcoming sale of Government-owned BP shares, there will be something close to a skull and crossbones stamped on the prospectus and an extraordinarily sophisticated surveillance system is in place to weed out offenders.

Back at the time of the BT offer at the end of 1984, things were less clear. Although the accompanying publicity made it clear that offenders could expect to be punished if they were caught, you had to search quite hard in the prospectus itself to find any serious warning. Some thought that the wording was too vague to support a criminal prosecution, and the surveillance systems were primitive by today's standards.

After yesterday's ruling, no one can have any illusions about the gravity of the offence. Their Lordships let it be known, in suitably moralising tones, that Mr Best had only escaped prison by the skin of his teeth and that future offenders could expect the worst. If multiple applications are to be treated as a serious economic crime, then such threats are indeed necessary.

For Mr Best would not have taken the foolish steps he did unless he had thought he was on to a sure thing. That, in turn, would not have been the case but for the way the Government has taken to underpricing its privatisation issues to guarantee their popular "success." If you insist on announcing — with enormous publicity—that you propose to stand on the street corner and hand out a large but limited number of £10 notes, you must expect the less scrupulous members of the community to try a little queue barging.

# A trade test from Canada and US

THE SUCCESSFUL conclusion of free trade talks between the US and Canada has been greeted with a mixture of relief and surprise by the business community in both countries. Slow progress after Canada walked out of the talks on September 23 had led many to assume that this ambitious project was likely to founder altogether.

The fact that both sides have been willing to stand back from the brink of failure is now probably more important than the substance of the arrangement itself. For the US in particular it underlines a commitment to the principles of free trade which the world at large now has to extend to the multilateral negotiations in the General Agreement on Tariffs and Trade.

Both sides had originally hoped that an eventual deal would serve as a model for the Gatt. In the short time available, however, they were never likely to come up with a comprehensive agreement that would fully match the talks' ambitious scope. In several areas, like trade in services, agriculture, investment flows and intellectual property rights, the agreement is vague and sets few detailed precedents.

None the less, there are implications for the system as a whole, not least because of the last minute determination on the US side to pull off a deal even if this meant making unpalatable concessions.

### *Sensitive areas*

Both sides have given ground in sensitive areas. The US has agreed to the establishment of impartial bi-national panels to help alleviate and settle trade disputes. Canada has agreed to free trade in energy and the elimination of a duty remission scheme on cars that would have made it a convenient back door to the US for Asian car exporters.

The US had more to lose than met the eye if the talks had foundered. Not only would failure have ushered in a new chill in Canadian-US relations, but Canada might have succeeded in pinning the blame on the US, encouraging still further those who are convinced that in practice it cares little for the Gatt system and free trade.

Tactically the agreement is important to the US. It will be able to use it as a demonstration to its trading partners worldwide that it still has the option of pursuing what it calls "fair" trade through bilateral channels if the Gatt approach fails.

### *Bilateral compromise*

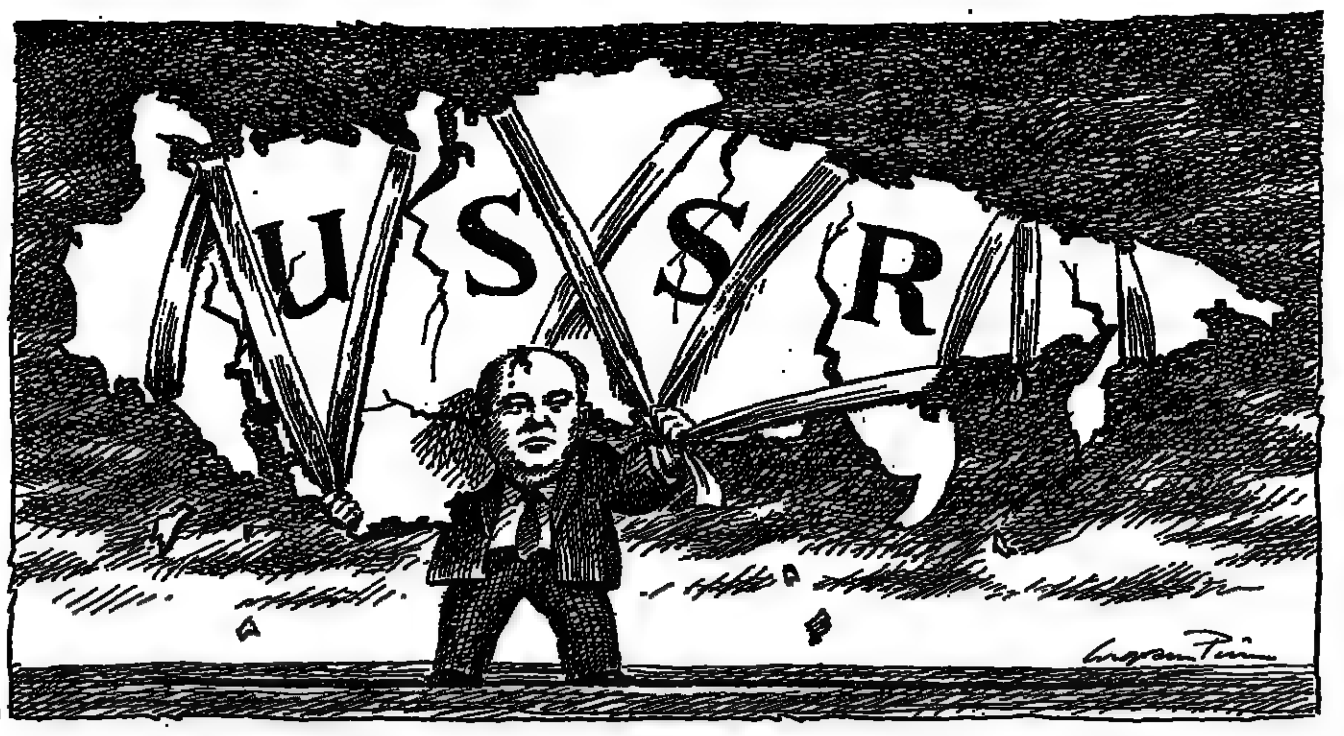
Despite the euphoria surrounding this weekend's agreement, the whole deal is still hedged about with uncertainty. It will take some time to assess how far the agreement is simply a face-saving political device and how effective the bi-national panels will be in reducing trade friction between the two countries. Between now and January 2, when President Reagan and Mr Brian Mulroney, the Canadian Prime Minister, are scheduled to sign the deal, Congress will be much more involved in follow-up negotiations. Yet to react in detail are Canadian provincial leaders, some of whom, like Mr David Petrson of Ontario, have expressed strong reservations in the past.

But the spirit of bilateral compromise which produced Sunday's agreement is nonetheless real, and this presents the international community at large with a measure of both danger and opportunity. The danger is that with a bilateral agreement under their belts both countries will have less incentive to play a full role within the Uruguay round. The opportunity is that the agreement creates some scope for liberalisation in a more general context.

Third countries wishing to seize this opportunity might consider trying to spread the benefits internationally by seeking compensation from the US and Canada. This would merely follow precedent set elsewhere, for example through compensation granted by the EC to third countries after the accession of Spain and Portugal. For their part, the US and Canada themselves would serve the international community well if they were now prepared to extend their spirit of negotiating compromise into the broader Uruguay round itself.

## Mr Gorbachev is back from holiday. He faces a difficult autumn, says Patrick Cockburn

# Bearing the burden of proof



RUSSIANS ENJOY elaborate rumours, with strong supporting detail, so it was not a surprise in September when Mr Mikhail Gorbachev's unexplained disappearance from public view provoked stories that he was seriously ill in hospital with food poisoning.

Soviet officials complained of foreign propaganda, but they have nobody but themselves to blame if a seven week vacuum of information about Mr Gorbachev's whereabouts is filled by rumours at home and abroad.

In any case the reports of Mr Gorbachev's incapacity are significant for another, more serious, reason. The alarm caused by his absence underlines the fact that Russians still see his "revolution without shots" very much as a revolution from above.

It was predictable when Mr Gorbachev was elected General Secretary of the Communist Party in 1985 that he would introduce changes in economic management. It was much less clear, and only became fully apparent in the summer of last year, that he saw more democracy and freedom of expression as a precondition for reorganisation of the economy.

The problem for Mr Gorbachev is that the top and middle ranks of the 18m-strong Communist Party have never shown the same degree of consensus on the degree of political change as on economic reform.

**The next 18 months will be critical to the success or failure of perestroika**

Conservatives within the party do not reject reforms as a whole but they do speak of "*perestroika* (restructuring) without excesses." The slogan is intentionally vague; but by cutting back on "excesses" many middle-level party officials clearly mean to gut *perestroika* of its democratic content.

Without Mr Gorbachev in charge they would have a very good chance of succeeding. Hence the alarm among supporters of reform at his absence from Soviet television screens.

With the Soviet leader safely back in the Kremlin attention is focusing on the future balance between reformers and conservatives within the party. But the political situation in Moscow is extremely fluid and conservatives on one issue are not necessarily opposed to all reforms.

For instance, regional party secretaries and provincial government officials—who make up over a third of the 300-strong Central Committee, the ultimate authority within the party—are predominantly conservative on political issues. They do not like the idea of elections within the party, diversity of opinion outside it and critical articles in their local paper.

But the same men overwhelmingly welcomed the radical economic reforms endorsed by the last meeting of the central committee on June 25 and 26. Provincial party leaders will obviously benefit from the decentralisation of decision-making from Moscow and greater control over planning and resources in their own region.

Clearly, the next 18 months will be critical for the success or failure of *perestroika*—as Mr Gorbachev said during his trip to Murmansk last week. He appears to have been thinking primarily of the economy but his timescale applies equally to political changes.

Neither he nor Mr Alexander Yakovlev, a politburo member, Party Secretary for Propaganda and after Mr Gorbachev the Soviet leader most responsible for the *glasnost* (openness) policy, want to abolish democratic centralism as a principle of government but they do want to make it more democratic.

How far they are able to do so will be publicly tested on at least three occasions over the next year, starting later this month when Mr Gorbachev will probably convene another meeting of the Central Committee to discuss radical new policies in agriculture. In November he will make the keynote address at a celebration to mark the 70th anniversary of the Bolshevik Revolution explaining the direction he thinks the Soviet Union should take.

Most important of all will be a special party conference in June 1988, which will discuss the progress of reform, introduction of democracy into the party and possibly—this is the key issue—replacing up to a fifth of the Central Committee.

The balance of power within the upper ranks of the party—the politburo, Central Committee, Party Secretariat, central government organs and other institutions—is by no means the only factor shaping the future of the Soviet political system but it is certainly the most significant.

Mr Gorbachev, although clearly much more than first among equals in the politburo, does not have absolute sway. The position of General Secretary of the party is of enormous power in itself but he heads a collective leadership and needs to persuade the other 14 politburo members to agree to reform measures.

Mr Yakovlev and Mr Eduard Shevardnadze, the Foreign Minister, are the other two politburo members evidently supporting root and branch political reform. Other senior members of the ruling body such as Mr Nikolai Ryzhkov, the Prime Minister and essentially a professional economic administrator, appear more interested in getting the economy moving than modifying the political system.

The focus of conservative loyalties within the party is very clearly Mr Yegor Ligachev, number two in the politburo since Mr Gorbachev became General Secretary. In speeches this summer he strongly backed cleaning up the party but equally strongly attacked those who have criticised events in the Soviet Union after Stalin took power in 1929.

Speaking of the 1930s Mr Ligachev said: "they were the years when the country reached second place in the world in terms of industrial output, conducted the collectivisation of agriculture." He went on to accuse critics of Stalin's years in power of discussing "the tragic mistakes of those years with malicious delight."

Given that the future direction of Soviet agriculture and industry, both still run largely as they were in the 1930s, is at present a matter of intense debate, no party member would miss the imediate political relevance of his remarks.

Yet if Mr Ligachev did not exist it might be extremely useful for Mr Gorbachev to invent him. Puritanical, practical and with a good reputation as an administrator, he is not a rival for the leadership but he provides an outlet for the frustrations of the permanent party officials at the "excesses" of *perestroika*.

A great many jobs are at risk. The introduction of real elections and a secret ballot within the party would end many careers not just of members of the Brezhnev old guard but of officials in their 40s who have clambered up the party hierarchy.

"The idea that you should be more dependent on your inferiors than your superiors will not come easily to district leaders whose talents are bureaucratic rather than political," points out one young Soviet political specialist. "Previously political leadership in the sense of the ability to convince people was a luxury for such men, now it is a necessity."

Such optimism may be a little premature since conservatives within the party show plenty of signs of fight. This was neatly if comically demonstrated last month by a Leningrad newspaper editor who complained that local party officials refused to let him retire after 30 years in the job. Such was their fear that a new editor would make the newspaper more critical of the way Leningrad is run, that they insisted that he stay at his post until he was 75.

This episode demonstrates both the weakness and strength of conservatives in the bureaucracy. They could stop the old editor retiring but they could not find a new editor able to champion their views.

It is this which makes Mr Gorbachev's position stronger than it often appears to those totting up the bureaucratic odds against him. Officials in enormous organisations like Komsomol, the Communist Youth organisation which has 42m members, or the trade unions with a membership of 140m, are likely to lose their jobs if their members have a say in their appointment.

But the very fact that the Komsomol and trade union leadership is largely moribund makes it extremely difficult for them to oppose change except through inertia and bureaucratic intrigue.

To be effective, the opposition to Mr Gorbachev's version of *perestroika* would probably have to steal a lot of his clothes. "You can only beat radical change with more radical change," argues one Gorbachev supporter. "You could only beat Gorbachev's leftist populism with a rightist populism."

Over the past year, greater freedom of expression has made it difficult for the bureaucracy to smother change. Public opinion now counts for much more than previously—although it is still often timid in its expression.

And although the intelligentsia in Moscow has switched from cynical apathy to strong support for Gorbachev, many still fear that they might have to pay later for over-enthusiastic devotion to *glasnost* today. Harking back to the fall of Krushchev in 1964, they are debating the precise moment that the shutters will come down.

Their pessimism may prove exaggerated. Mr Gorbachev's view is that the party will ultimately prove strong enough to sustain the criticism levelled at it. In an addres to newspaper editors in July he said: "If any extremes have appeared—they have appeared and we have seen them—then they were within the framework of the fight for socialism and its perfection."

The enormous change which Soviet society has undergone over the past 25 years may also militate to make the reform process irreversible. The spread of education, the move of people from villages to cities, the rise in the standard of living, the fading memories of famine and war, have all increased political and economic expectations which the bureaucratic centralism of the Brezhnev era failed to satisfy.

**Greater freedom of expression means the bureaucracy has trouble smothering change**

So far these increased expectations have benefited Mr Gorbachev but time is beginning to run out. Theer is, for instance, a shortage of toothpaste in Moscow shops at the moment and last year the city ran out of coffee. Continued failure of *perestroika* to produce the goods which people want would be extremely damaging to its credibility.

The other danger for the new leadership will come if it is seen to be dismantling the central elements of Mr Brezhnev's paternalism—cheap food and housing and jobs for all—without offering more and better quality goods and employment. It is significant that Mr Gorbachev spent a large part of his speech in Murmansk last Thursday explaining why price increases for basic foodstuffs are necessary.

The moment has probably passed when the party and government bureaucracy could secretly suffocate reform. But *perestroika* must improve the way 283m people in the Soviet Union live their lives before the "revolution from above" can put down roots and become irreversible.

# Men and Matters

## Clark family's footsteps

What with merger mania sweeping through the stock market, the family owned firm is becoming something of an endangered species in the jungle of British industry.

Yet C & J Clark, the bastion of the British footwear industry, has been held in family hands for generations. Yesterday John Clothier, the great great grandson of James Clark—the J in C & J Clark—continued the tradition by slipping into the managing director's seat.

Clothier, who is 41, has worked in the company his great great grandfather founded, ever since graduating from Oxford. He had one brief interlude: two years in Austria, spent working in shoe retailing.

For the past few years he has run the Clarks Shoes business, opening a chain of Clarks shops and laying plans for its first new production plants since the 1960s. His first task as group managing director will be to co-ordinate its expansion in Northern Europe.

The expansion programme has already begun, with West Germany as one of the test markets. "We are starting with the toughest," he says. "We work on the assumption that if you can sell shoes in West Germany, you can sell them anywhere."

## Packer back

When he left Reid & Taylor the luxury suitings manufacturer, earlier this year, John Packer vowed it would not be long before he returned to the business of making very expensive cloth for men's suits.

He has staged his return rather sooner than even he expected. Yesterday he clinched control of The Woolly Mill at Langholm in the Scottish Borders.

The Woolly Mill makes tweeds and scarves. Over the next year it will be re-equipped to make luxury suitings for John A. Packer (Private Collection), the company he set up six months ago.

His return to cloth making completed, Packer is now weaving plans to revive the fashion spectaculars for which he was famous at Reid & Taylor. One year the spectacular would grace Bavaria, the next London, or Venice, or Edinburgh.

But Packer is not quite ready to return to his party throwing days. "Everyone asks when the next one will be," he says. "There may well be a few trumpets, but it will be a year or two before we see the next gigantic fashion show."

## Double vision

Norman Willis, the TUC's general secretary, is not—like most union leaders—seen much on television these days, and so his level of public recognition may be lower than some of his predecessors.

But at a Chinese restaurant near the TUC's London headquarters, Willis was stopped by some other diners, who said: "We know you—you're . . . you're . . . you're—Ron Todd!," who is, of course, general secretary of the TGWU transport workers' union.

Unabashed, Willis returned to the same restaurant some weeks later, after making a number of television appearances, to find the same diners also there, and in extremely apologetic mood.

"Terribly sorry to have got you confused," they told him. "We've got it right this time. It's Mr Todd, isn't it?"

## Second thoughts

Japanese executives may feel that they owe everything to their employer. But it seems that it does not take long for the doubts to set in. In a survey of 1,351 university graduates, the Japanese daily, Asahi Shimbun, found that attitudes began to change within three months of starting work. At graduation, 34.4 per cent said they would "strive for success even if it means sacrificing my private life." Three months later the proportion was down to 28 per cent.

"What's all this North-South divide business?—I've never seen so much money being spent"

## Chop chop

The executive mess of the Hong Kong and Shanghai Banking Corporation has, on occasions recently, been embarrassed to run out of a dish before the end of lunch.

In true bank style when faced with a problem the analysts were called in—only to discover unreasonable consumer weighting towards particular delicacies.

J. E. Butler, the bank's financial controller, reports, apparently more in sorrow than in anger, that an analysis of a Rack of Lamb option revealed that 70 bank officers had consumed 69 pounds weight of cooked lamb between them.

He discloses ruefully in a memo to staff "Some officers took as many as eight chops each."

The officers of Honkers and Shankers have been solemnly warned that unless they exercise more moderation at table, their hot lamb option will have to be discontinued, "for economic reasons."

## Big lift

Paris drivers have won a victory for their cherished right to park anywhere.

A two-month campaign in the French press has prompted the Prefet de Police to put a brake on the speedy removal of cars to the pound.

The exasperated victims have a point. Over one-quarter of the cars parked in Paris break the rules, simply because there are not enough parking spaces. The cranes whisking the cars away are having a field day—700 cars are impounded every day.

The final straw was the unbounded enthusiasm of the private contractors who earn a bonus of £15 for each car carried away to the pound. They are supposed to wait for a request from the policemen, but television crews have caught some teams asking gendarmes to book offenders.

The private contractors will have to be patient. They will now have to wait 15 minutes before taking a booked car away. And the number of "brigadiers" supervising their work will increase from nine to 26.

## Batteries flat?

When the Institution of Electrical Engineers, Sussex centre, gathers this evening for its annual meeting, I see the chairman's address is to be "Wither the Industry."

***Observer***

The Tories in Blackpool

# All Thatcherites now

By Peter Riddell, Political Editor


Jubilation: Mrs Thatcher acknowledges election victory cheers

BRITISH POLITICS are about to move into top gear. For the past five weeks the spotlight has been on the opposition parties' agonising about how they can win back power. Now it is the turn of the party with power, to debate how to use it. Instead of the shadow, there will be the substance.

Yet, there will be a continuity of theme at the Conservative Party conference in Blackpool starting today. The common thread is the extent to which Thatcherism has changed, and is changing, the terms of the political debate.

At present, the Tories retain the intellectual initiative. As Mr Bryan Gould, the apostle of Labour's "new realism" argued last week, the party needs to "leapfrog" Thatcherism to set its own agenda. But that has not yet happened. The Tories have remained one, if not two, steps ahead of the Opposition.

The point was put with typical acuteness by Mr Norman Tebbit, the Conservative Party chairman, in a BBC interview on Sunday. He noted that Labour was now saying it believed in "all these Thatcherite things" like council house sales and owning shares. But before the next election "we'll be advancing into new areas" like choice in education and for the council tenant, which, he said, Labour "bitterly opposed."

The debate at Blackpool will be about how radical the Government's programme should be. The option of consolidation—what ex-Minister Mr John Biffen has described as easing up and not going on in "a frantic and frenetic search for new measures of liberalism"—has been rejected.

Mrs Thatcher is a crusader who believes in extending her approach into new areas like education and housing, after entrenching it in the fields of industrial relations and privatisation. Virtually all her Cabinet are now Thatcherite, in that they accept the need for further reform.

This week's conference will primarily be a celebration of the June election, coupled with Ministerial statements about action on manifesto pledges. These will include the extension of parental choice in schools and further City technology colleges; the attempt to revive private rented housing and break up council estates; and new inner city initiatives. Ministers will also emphasise the extension of consumer protection in privatised concerns—responding to the recent debate about standards of service in existing monopoly utilities like British Telecom.

Despite the blandness of the motions selected and the generally deferential attitude of Conservative representatives (never delegates), there may be a few squalls. A number of Tory local councillors, as well as MPs, are worried about the proposals on rates reform and education. An energetic nationwide campaign by Mr Michael Howard, Local Government Minister, to enlist support for the poll tax or universal community charge, has been under way for a month, but party managers are taking no chances and are putting on the rates debate this morning, before any revolt can build up.

Tomorrow's law and order debate could be more heated. Life is never easy for a Conservative Home Secretary faced with the hanging and flogging instincts of the rank and file—the return of one or the other feature in 35 motions. Tempers are running higher than usual this year, with concern over rising crime figures. But a carefully phased series of announcements have been made in recent weeks—on, for instance, firearms, broadcasting complaints, juries, and child abuse, to show that Mr Douglas Hurd is taking firm action. In his speech tomorrow, he will announce a tougher sentencing policy and an expansion of crime prevention.

Much of the real debate about future strategy will, as usual, be away from the conference hall in the bars of the heavily protected Imperial Hotel and at fringe meetings. Under vague headings like "The Next Frontier," "The Task Ahead," and "The Next Four Years," rival views will be set out on the agenda for the rest of the third term and into a possible fourth term—notably how far the Government should shift from collective to individual provision in the social services.

This is not a disinterested intellectual debate. Much of the fringe activity—as well as the lengthily-prepared attempts to secure standing ovations for platform speeches — is to do with building up reputations for the eventual succession to Mrs Thatcher. Mr John Moore, the Social Services Secretary, has already raised his flag on the free-market wing to become the latest favourite of the profile writers. The most active on the fringe are Mr Kenneth Baker, the Education Secretary, and Mr Kenneth Clarke, Industry Minister.

Outside the Government, there will be considerable, and probably exaggerated, media attention on the thoughts of ex-Ministers, like Mr Michael Heseltine (at least twice as busy as anyone else), Mr John Biffen and Mr Leon Brittan. Each has already offered his "humble" views all over the press and weekend television. Yet, the significance of these interventions is mainly as a reminder of their authors' continued existence, rather than in any short-term influence over policy.

Any dissent this week is likely to be muted—warnings about the inner cities and about social cohesion (what Mr Hurd has called the "slovenly society"). Problems will only start when the more contentious legislation is going through Parliament this winter.

The general tone is likely to be self-congratulatory, even smug, working up to the rapturous reception for Mrs Thatcher on Friday — which the more fastidious Tory MPs avoid. Otherwise, the most acclaimed figure of the week may turn out to be Mr Nigel Lawson, whose Chancellorship played an important part in the June victory. While not disdaining an ovation, he will be keeping his cards close to his chest on what could be the most radical part of the Government's programme—a personal tax reform package in next spring's budget. The party conference has never been the audience for such controversial thoughts.

FOREIGN AFFAIRS

# It's not easy to live with an elephant

## Jurek Martin asks: is Japan breeding a leader in the mould of General de Gaulle?

THE JAPANESE are not notorious for flights of fancy, but they are not above it either. One of the latest doing the rounds in Tokyo on the eve of a change in the Prime Ministership poses a question: "could Yasuhiro Nakasone become the de Gaulle of the Orient?"

This would presumably entail breaking the present security treaty with the US, at least to the point of giving Japan a significant independent military capability and a willingness, now denied by the Japanese constitution, to use it. It could also, on a less alarming plane, involve the evolution of Japan into a substantial regional power, with a strength in diplomacy and ideas, independent of the US, on a par with its current commercial clout. It is something of a testament to the perception of Mr Nakasone as a statesman that he might be considered, even hypothetically, the man for such a task. After all, only 25 years ago, de Gaulle himself had dismissed an earlier Japanese Prime Minister as a "transistor salesman;" not many Japanese leaders since then have risked putting their heads above the parapet long enough to incur a similar encomium.

According to Mr Hisanori Isomura, the Walter Cronkite of Japanese broadcasting, the proposition has already been put, privately, to Mr Nakasone himself and received pretty short shrift. Speaking to a conference of European Community and Japanese journalists held on the slopes of Mt Fuji a month ago, Mr Isomura reported that the Prime Minister had said that even if he wanted to (which he did not), he could never get away with cutting the security agreement with the US because his colleagues in Japan's ruling Liberal Democratic Party would disown anyone who tried. Being cast adrift by the LDP, an enduring government, is the equivalent of a political death.

But if the idea is fanciful, some of the reasoning and concerns that prompt it are not. There are today many more variables to the US position in Asia and the Pacific than there have been for a quarter of a century. China is no longer in isolation and even though bilateral relations with the US (pace Tibet) are currently adequate the future course of Chinese diplomacy, especially in the region, cannot easily be predicted. So it is with Vietnam. Indonesia, for example, a source of minimal geo-political concern to the US since the overthrow of Sukarno, seems to see in Vietnam — not exactly a friend of the US and still at dagger's drawn with Peking — as a potential buffer against any resurgent Chinese inclinations to hegemony. On the other hand, Thailand, the domino next in line after Laos and Cambodia which never fell, is currently rather fascinated with China (hence the cancellation yesterday of a planned visit by the Dalai Lama) but must deal, albeit at arms length with Vietnam.

Two other previous regional givens for the US, the Philippines and South Korea, are in states of high political turmoil, and the American ability to direct the course of events is in grave doubt; and in both the US has an extensive military presence, not easily transferable elsewhere. Even the Pacific has lost its idyllic sheen, not only because of disparate events in Vanuatu, New Caledonia and now Fiji but also as a result of the New Zealand Government's determined non-nuclear policies. The only minor, apparent consolations are that, under Mr Mikhail Gorbachev, the Soviet Union seems less inclined to make regional mischief and that Australia is beginning to recognise that it is not without regional influence.

It is in this climate of shifting sands that it is at least possible to conceive of a wider role for Japan and to question the assumptions of the existing relationship between Japan and the US. The principal obstacle to the first obviously lies in the recent history of the last war, memories of which are still powerful enough to deter nations in the region from doing anything to encourage a resurgence of Japanese militarism and nationalism. In any case Japan has prospered enough without external military obligations in the past 30 years seriously to contemplate taking them on, a fact amply demonstrated by the protracted debate over whether defence spending should exceed the modest sum of 1 per cent of gross national product.

It is much more the present which bedevils relations with the US than the past, though many Japanese, including Mr Nakasone, have ambivalent feelings about the US Occupation after the Second World War. Any independent assessment of the impact of the daily flow of vitriol winging its way westwards over the Pacific might conclude that the US is testing its luck a bit and that sooner or later the Japanese worm might begin to turn. It could even get worse if Japan emerges as the bogeyman of the 1988 American presidential campaign. Americans, already frightened of Japanese manufacturing and technology, are now worried that they are becoming excessively beholden to Japanese money.

American intemperance has not passed unnoticed in Japan, where it is sometimes called "revolver diplomacy." Mr Isomura reports that many Japanese wonder why there is so much Japan-bashing in the US and so little criticism of West Germany, which also runs a big trade surplus with the US and which also fought the US in the last war. His response is to quote Helmut Schmidt, the former German Chancellor, who offered three explanations; that Japan is much more dependent on trade with the US than is West Germany, that Germany spends more on defence than Japan, and that there is an element of racism in the American attitude. Many Japanese, one suspects, pin it on the third, and they may not be wrong. The reality that Japan's record on race leaves much to be desired does not lessen the offence.

Yet there seems to be a tolerance in Japan for criticism from the US that would not be applied if it were received from any other country, including the larger European powers. Mr Isomura ascribes this to a "dogmatic pro-Americanism" long prevalent in the Japanese political establishment and media—and, as an intimate of the first and a leading member of the latter, his judgment commands respect. Thus, one of the bigger crosses that Mr Kiichi Miyazawa, the Finance Minister, carries in his pursuit of Mr Nakasone's job are reports, far from substantiated, that he harbours anti-American sentiments. When the Economist made such an assertion in a leading article in August, it became the instant talk of Tokyo. Conversely, one of Mr Nakasone's perceived strengths was his close relationship with President Reagan; the fact that this has not kept the American dogs off Japan is seen of lesser account.

A perfect example of the way the relationship works in practice was provided last weekend when it was finally announced that Japan was not going to develop its own new generation of fighter aircraft but to continue co-operating with the US. The project was well within the capacity of the Japanese defence industry but the overriding imperative was not to offend the US, in this case not to threaten the US supremacy in aerospace.

This does not mean that Japanese criticism of the US is consciously suppressed; in fact, in important circles, it is becoming, by Japanese standards, quite strident, as witnessed by the outspokenness of Mr Makoto Kuroda, Vice Minister of the Ministry of International Trade and Industry (MITI). Perhaps because of this, perhaps because of an occasionally more sophisticated European approach, there seems to be a new Japanese interest in better relations with the countries of Europe, individually and as a Community. This is to the good, given the range of common causes.

But breaking the umbilical cord with the US is quite another matter. It will take lots more American slings and arrows, a few more Nakasones, and big changes in Asian attitudes for Japan to produce a de Gaulle. The relationship with the US might not conform to Western expectations of health, but, as Canadians have known for years, sleeping with an elephant is not exactly egalitarian.

# Letters to the Editor

## SIB and unit trust pricing

*From Mr P. Potts*

Sir,—One sometimes wonders whether those responsible for drafting rules at the Securities and Investments Board have any experience of the real world. Their latest proposals relating to the pricing of unit trusts beggar belief.

Are they seriously suggesting that we, on behalf of our clients, place orders at prices which we cannot possibly know until the next day, and which will not appear in your newspaper until two days afterwards? Imagine ringing one's stockbroker to buy a thousand ICI and being told you will not know until the following day what it has cost you!

We are given, say, £50,000 to manage on behalf of a client. We spread that money over a number of unit trusts and buy in round numbers of units. Are we to be expected to go back to our client and say please can we have a further £1,500 because the prices went up?

Worse still, consider the situation where we decide to switch a client from one manager's Japan units to another's UK units. We consult the newspaper prices (two days out of date), decide how much he has got and take action accordingly. Two days later we find his account is seriously overdrawn because the prices have moved against us.

In practical terms, if these proposals go through, we will not suffer and nor will our clients, simply because we, and I suspect hundreds of intermediaries like us, will turn to offshore funds where presumably sanity will continue to prevail and the price of the day will be honoured.

*Peter L. Potts,*
*Saracen Asset Management,*
*Sardinia House,*
*Lincoln's Inn Fields, WC2*

## Paperless trading

*From the Director,*
*International Chamber of Commerce, UK*

Sir,—Terry Dodsworth's article (September 30) on the very necessary development of commercial services for industry to facilitate paperless trading raises an important question.

While the technology and related services are already well advanced, the framework of law is not. Recognising this, the ICC has been working since late 1985 with the United Nations Commission on International Trade Law (UNCITRAL) and other intergovernmental organisations to draw up uniform rules of conduct for interchange of trade data by teletransmission (UNCID).

The spawning of yet another acronym should not blind users of electronic data interchange (EDI) to the importance of these new rules which will help facilitate such data interchange. They deal with questions of security, verification and confirmation, authentication of the communicating parties, protection, logging and storage of trade data. As with other ICC work on trade facilitation, the new rules will be of incalculable help to users.

Giles Wyburd,
*103 New Oxford Street, WC1*

## Value for money

*From M. Nathan*

Sir,—I had occasion to send off the other day, dollar cheques to five different banks, all of which realised in sterling different amounts. These on the basis of $1,000 in each instance were as follows:

| | Sterling equivalent | Bank charges | Net credit |
|---|---|---|---|
| Bk of Scotland | 606.06 | 1.55 | 604.51 |
| Coutts ...... | 603.32 | 10.00 | 593.32 |
| Lloyds ...... | 603.86 | 6.00 | 597.86 |
| Midland ...... | 602.41 | 10.00 | 592.41 |
| Royal Bk of Scotland ... | 606.06 | 4.65 | 601.41 |

It is noteworthy that the two Scottish banks not only give the best rate of exchange but also their charges are lower.

Michael R. Nathan,
Howard Tilly and Co,
*1 New Oxford Street, WC1*

## Funding the railways

*From Mr A. Holme.*

Sir, — Obviously, Network SouthEast needs greater investment (October 1), but this should be generated by charging higher fares at peak times.

It is ridiculous that £206m per annum is given to subsidise travel in the richest part of our country, when much of it has to be met by taxes levied on the poorer regions.

Alan Holme,
*16, Hunger Hills Avenue,*
*Horsforth, Leeds.*

## Threatened by monitors

*From Mrs J. Watson*

Sir,—As a secretary I felt threatened by your exceedingly ominous articles on electronic monitoring and genetic selection of employees (October 1).

My mind turned to ways of earning an honest penny when they find out about my hay-fever.

Would anyone like a well-thumbed copy of "1984," price negotiable?

(Mrs) Judy Watson,
*16 Melstead Road,*
*Hemel Hempstead, Herts.*

## The Japan problem

*From Mr J. Bourlet*

Sir,—The "excess" savings and "surplus" exports problem of the Japanese economy seems to present economists with an irresistible opportunity for prescription. Each is convinced his cure will work. Pity the poor Japanese who receive so many different instructions about a problem they themselves have a far better chance of understanding!

It may, however, be worth listing just some of the prescriptions given: Diarmid McLaughlin at the Brookings Institution (October 1) advocates "higher wages, better distribution and lower land costs" so that the Japanese will consume more private goods. Martin Wolf (September 24) argues that in the context of the total world economy there really isn't a "problem" at all.

Marxist economists argue that "capitalism" is prone to just this kind of crisis, that Japan is merely a virulent and advanced capitalist economy manifesting problems which will soon beset us all. Their cure, presumably, involves a major reform of the entire system.

Some City economists argue that Japan needs to increase both taxation (via a VAT) and government expenditure thus achieving an increase in public sector consumption at the expense of private savings. One imagines that J. M. Keynes would have had much sympathy with this "cure".

Senator Danforth of the US has argued that Japan should simply reduce savings levels by reducing the rewards for so doing—rewards such as the tax free post office savings scheme for small savers (a scheme unhappily marred by it's widespread abuse through multiple accounts).

The "G5" agreement argues for a higher yen, lower Japanese interest rates and a higher rate of money supply growth in Japan. This has largely happened but with some adverse unforeseen consequences.

Yet other economists urge piecemeal reform of the many monopolistic and restrictive policies and practices which abound in Japan. Listened to at length this seems very convincing—but it is hard to avoid the uncomfortable feeling that one is a pot calling the kettle black.

Obviously this is hardly a comprehensive list. The point is that these various prescriptions certainly do not "all amount to the same thing" and it would be better to compare the advantages of plausible alternatives rather than advocate any one of them.

James Bourlet,
*Economic Research Council,*
*1 Old Burlington Street, W1*

## Centres for science

*From Helen Lawton Smith.*

Sir,—I would like to correct the misleading impressions given by the report (September 30), of any research into advanced technology industry. Although it is true that there are fewer advanced technology companies in Oxford than Cambridge, it is wrong to imply, as the headline does, that Oxford itself, ie, the University, is not as important a centre for science as Cambridge. I did not say that the University is not as keen to encourage links with industry. The University is very interested in developing links with industry, for instance it is in the process of setting up its own company, Oxford University Research and Development (OURAD) to enable the University to benefit financially from breakthroughs and new discoveries made by Oxford scientists. My paper, however, did suggest that there are differences in attitude within the University towards what the relationship with industry should be.

Helen Lawton Smith,
*School of Geography,*
*Mansfield Road,*
*Oxford.*

## Idealism and reality

*From Mr P. Wood*

Sir,—Joe Rogaly (October 1) asks a very interesting question after describing Mrs Thatcher's reported concern about the possible beaming down on Britain of foreign programmes containing more sex and violence than the Government thought was good for us. Mr Rogaly asks how the leader of a political party that proclaims the freedom of the individual as its paramount article of faith can contemplate the censorship of outer space?

I think part of the answer is the idealism that believes we can perfect ourselves by pulling on our bootstraps hard enough. The idealist sees that some of us prefer to wander off into the woods, hands in pockets, and has to call us back into line. Eventually, the idealist realises that total control is the only way to achieve the sought-after perfection.

Peter Wood,
*Newbold Farm,*
*Duntisbourne Abbots,*
*Cirencester, Glos.*

# FINANCIAL TIMES

Tuesday October 6 1987



**Stewart Fleming in Washington reports on the bitter debate over a Supreme Court vacancy**

# Testing time for Reagan's man

PRESIDENT Ronald Reagan's controversial nomination of Judge Robert Bork to the US Supreme Court today faces its first major test after a bitter and hard-fought struggle over whether Judge Bork should be confirmed by the US Senate to the nation's highest court of appeal.

The debate over his nomination as an associate justice has prompted inflamatory rhetoric, portraying Judge Bork (unfairly) as a racist bigot; bitter recriminations within the White House over its strategy for rallying support to its cause; and frenzied fund-raising by public interest groups on the right and the left.

After 12 days of public hearings involving 110 witnesses, the committee is due to decide today whether or not it should send the nomination to the floor of the Senate with a recommendation that the 100 members of the upper house of the legislature vote to confirm him.

Just how labyrinthine the political manoevrings over the future of the erudite but intellectually pugnacious judge have become is evident from the fact that yesterday it was still unclear whether or not the committee would vote at all.

Even some Democrats, notably (to the dismay of many of his colleagues) Senate majority leader Robert Byrd, have suggested that discretion should be the better part of valour and that the committee should send the nomination forward without a recommendation.

Behind the earnest debate over the role of the nation's highest court of appeal, one of the checks and balances on the powers of the Congress and the Presidency, has been a careful calculation of the political fallout.

The key question has been whether the confirmation of Judge Bork, a man who has espoused ideologically conservative principles in his writings, but not always in judicial decisions, would tip the balance of the Supreme Court to the right by creating a majority of five like-minded conservatives on the nine member bench.

If so, would this herald a period of conservative judicial activism which would ensure that the right wing agenda espoused by President Reagan would live on for years after Mr Reagan leaves office?

Judge Bork (right), presented to the committee by former president Gerald Ford to emphasise the Administration's desire to portray Mr Reagan's nominee as a moderate

There are more pragmatic concerns. How would the confirmation or rejection of Judge Bork affect Mr Reagan's standing in his last 14 months in office and how would it affect the relative strengths of the Republican and Democratic parties as they jockey for position ahead of next year's presidential and congressional elections?

Should, for example, conservative Democrats from the once racially segregated deep South vote to confirm Judge Bork because they sympathise with some of his philosophical positions? Or should they vote against him on the grounds that a conservative court, critical of the way its predecessors have enlarged civil rights protections, might gradually narrow these legal precedents and in the long run perhaps reopen racial wounds which are still healing?

Many of these white Democratic Senators, such as the highly respected Senator Howell Heflin of Alabama, Senator Wyche Fowler of Georgia and Senator John Breux of Louisiana, would not have been elected without black support.

For them, given the uniform opposition to Judge Bork from black civil rights groups, a key question is whether a vote to confirm Judge Bork is tantamount to a vote against their own re-election prospects.

Liberal Democrats believe they are on the verge of dealing President Reagan a humiliating defeat.

The tide has been running against the White House in the past few weeks, particularly in the wake of Judge Bork's unpersuasive appearance at the televised hearings where he came across as a cool theoretician with what the Washington Post has called "a frightening detachment from the real world consequences of his views."

What has been particularly striking about this has been the extraordinary success of the grass roots lobbying by anti-Bork interest groups.

Not since President Reagan took office have the liberal activists rallied to a cause with such enthusiasm and so comprehensively routed the ardent adherents of the ideological right.

Anti-Bork activists were able to raise enough funds to finance a 22 state television advertising campaign featuring Gregory Peck, a pillar of the Hollywood establishment.

But right wing conservatives have (like the Republican Party itself) suddenly discovered that as the Reagan era comes to an end it is getting harder to tap the once seemingly bottomless wells of financial support which they have been drawing on for the past seven years.

The result has been on the one hand a boost to the morale of long demoralised liberal interest groups who hope that this new found dynamism will spill over into 1988, and further divisions in the ranks of the conservatives reaching right into the White House. There, critics of White House Chief of Staff Howard Baker, have argued that the Administration's strategy of presenting Judge Bork as a mainstream moderate has backfired.

The White House insists the battle is not over, and, belatedly in the eyes of conservatives, President Reagan has begun to twist the arms of the undecided. Even some Republicans in the Senate say Mr Reagan is fighting a lost cause.

There is widespread agreement that Judge Bork's television appearances have done him more harm than good with the public.

Moreover, among those on the 14-member panel who came into the hearings with open minds - their numbers could be counted on one hand - several found Judge Bork's testimony on issues of substance unpersuasive. He modified some of his harsh criticisms of past Supreme Court rulings and endorsed the idea that women should be entitled to the equal protections afforded under the Fourteenth Amendment to the Constitution. Thos prompted Senator Patrick Leahy to ask whether the Senate was witnessing a "confirmation conversion."

Judge Bork's view that a right to privacy does not exist in the Constitution, in spite of Supreme Court precedents to the contrary, was seen widely as too theoretical an analysis of a principle with which voters as well as politicians could identify.

Liberals are again arguing that a rejection of Judge Bork would represent another sign that the appeal of right wing ideology is waning with the general population. At the least, his defeat would provide further evidence of the high price Mr Reagan and his Republican allies have had to pay because of their failure to retain control of the Senate in the 1986 mid-term elections.

# Britain to dismantle N-plant damaged in 1957 fire

Financial Times Reporter

THE UK Atomic Energy Authority is to spend tens of millions of pounds in partially dismantling the Windscale plutonium reactor in Cumbria, north-west England, which caught fire 30 years ago.

The work, which will take 10 years to complete, will be carried out by remote-controlled robots and is likely to give the nuclear industry valuable experience in the decommissioning of radioactive plant.

The decision was announced yesterday by Mr John Collier, the authority's chairman. He said the level of radioactivity within the pile was now only one thirtieth of the level when it caught fire in October 1957.

The fire at Windscale, now renamed Sellafield, was the world's worst nuclear accident until the disaster at Chernobyl in the Soviet Union in April 1986. It began when one of the air-cooled graphite reactors, used to produce plutonium for Britain's first atom bomb, became overheated.

The site has been carefully monitored since the reactor was shut down after the fire, and a joint programme of work with British Nuclear Fuels was begun in 1981.

The programme now planned will remove the filters at the top of the tall chimneys and isolate them from the reactor. Burnt-out nuclear fuel rods will then be removed from the pile and reprocessed. However, the Government, which owns the installation, at present has no plans for the complete removal of the reactors. This would cost much more than the limited operation now intended.

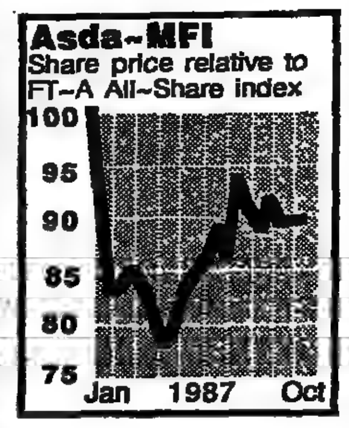
Mr Collier said yesterday that the piles did not pose any risk to workers at the nuclear fuel reprocessing site at Sellafield or to members of the public. He said the Atomic Energy Authority would be asking the Government to release at an early date as many documents as possible relating to the accident.

## THE LEX COLUMN

# Asda pawns the furniture

The pressures which forced Asda and MFI together and then apart again are plainly not going to let up on either company. Asda still has a lot of catching-up to do on its food retailing competitors if it is to maintain its independence. MFI is guaranteeing its independence by going private, but in the process has been obliged to add some £200m to its debt burden by buying its own chief supplier.

The £505m Asda is raising from MFI is clearly less than it had hoped for - and about £100m less than it cost two years ago. Taking a 25 per cent stake in the new MFI business at a price of £52m may console shareholders if, as Asda expects, the investment is worth three times as much three years hence. Yet there is the slight suspicion that Asda might be accompanying MFI to the cleaners for a second time.




The cash pile will be something of a brake on Asda's earnings, even if the quality of those earnings is improved. If the disposal proceeds total £675m, the balance of the £1bn three year spending programme will hardly be a strain on internally generated funds. As for trading, Asda's prediction of double figure sales growth in 1987-88 is encouraging, and there is plenty of scope to improve margins further out. But there are still doubts about Asda's ability to succeed in the south, and fears that it is paying too much for sites. A current year multiple of 17½, falling to perhaps 15½ next year, is including some bid speculation.

### MFI/Hygena

Meanwhile, as MFI is being bought out from Asda, so Hygena is being bought out from Mr Malcolm Healey. The instability of the existing relationship appears to have worked both as a threat to MFI and a bargaining tool in its negotiations with Asda. Since MFI takes 45 per cent of its supply from Hygena and accounts for 96 per cent of Hygena's output, Mr Healey's desire to sell out left MFI little choice but to buy; and for Asda, the possibility of Hygena falling into other hands risked depressing MFI's market value.

For MFI, though, the most critical part of the whole deal could well be the handling of an integrated operation stretching from the manufacture of cardboard packaging to the point of sale. The history of combining retail with manufacture is not encouraging, and there are clear risks of losing margins across the operation in the interests of marginal costing. And whereas MFI can point to 45 per cent unutilised capacity in Hygena's brand new factory, it is not unknown for entrepreneurs to sell out at the point where it becomes clear that they have over-invested.

On the other hand, the fact that Hygena's spending programme is largely complete puts it at the right point for a buyout. The same is not strictly true of MFI; even if the store programme will now rely on leasehold, there will still be rental payments to fund from cash flow. The fact that interest payments on £205m of debt will be forgiven in the first year eases the strain initially. But it would perhaps be a pity if that technique - allowing even higher levels of gearing on buy-outs - were to become more general in the UK.

### Burmah/Calor

None of the parties involved in the brief but abortive £820m skirmish for control of Calor emerges with particular distinction. Burmah and SHV, its Dutch ally, have shown that they are far more concerned with keeping on friendly terms with the Calor board than pressing ahead with a reasonable offer. Meanwhile, Calor has effectively disenfranchised the bulk of its shareholders by refusing to give them a chance to take advantage of an offer which was pitched about 24 per cent above the price at which its shares were trading before the takeover rumours leaked out.

The deal values Calor at about 16 times prospective earnings, and while this might not seem overly generous, unless another predator appears out of the blue it could be some time before Calor shareholders see 575p again. Burmah had an incentive to pay above the odds, because of the need to solve its unrelieved ACT problem, and future bidders may be less generous. As for Burmah, it is in the embarrassing position of having stumbled at the first hurdle in its effort to add a third major business to its recently refurbished operations, while SHV, Calor's largest shareholder, has left everyone in doubt about its continued long-term commitment to an independent Calor.

### Suez

The French Government has had little difficulty brushing aside accusations of favouritism in the selection of "core shareholders" for privatised companies. However in its eagerness to ensure a smooth passage for the accelerated privatisation programme it is now laying itself open to the alternative criticism of undervaluing the French taxpayer's assets. The FFr317 a share offer price for Compagnie Financiere de Suez - a 25 per cent discount to asset value - looks like a case in point. And, as if to underline it, the most attractive offer since St Gobain is already trading at FFr350 in the London grey market (much to the embarrassment of brokers who have been ushering clients into the Suez non-voting stock at closer to FFr400).

The Government can claim in its defence that the French market has been looking a little sick, and financial stocks have looked especially vulnerable. An offer price at the bottom end of expectations is also unlikely to disappoint the company. By keeping the new shareholders happy with an attractive premium they are less likely to object when Suez follows Paribas with a chunky post-privatisation rights issue. The next issue may, nevertheless, make the offer price look somewhat less giveaway as it will draw attention to Suez's expensive growth programme across a range of increasingly competitive capital markets. Suez is heading towards Paris's Little Bang and the opening up of the European insurance industry with a declining income from capital gains in prospect, and the possibility of lower lending margins at Banque Indosuez. Despite the difficulties ahead the recent performance has been impressive enough to justify the extensive foreign interest.

The only anxiety must be that investors take their premiums and buy back at the rights issue.

# Tamil Tigers commit mass suicide

BY MERVYN DE SILVA IN COLOMBO

AT LEAST 10 Tamil Liberation "Tigers," including two regional leaders, committed mass suicide yesterday by swallowing cyanide capsules. The Tamils were being taken under heavy escort by Sri Lankan authorities to a military aircraft at Palaly airport in the island's northern Jaffna peninsula.

The condition of seven others who also swallowed cyanide was reported last night to be critical. Unconfirmed reports said two more had died.

The mass suicide is a serious Tamil challenge to the fragile peace accord and could spark major civil resistance among Tamil civilians to the plan agreed in July between President Junius Jayawardene of Sri Lanka and Mr Rajiv Gandhi, Prime Minister of India.

The accord grants limited autonomy in the northern and eastern provinces to the minority Tamils, but some guerrilla groups have refused to surrender their arms and are holding out for a fully independent Tamil homeland.

Yesterday's mass suicides also undermine the position of those Tiger leaders who have urged their supporters to surrender arms to the Indian peacekeeping force and accept the limited autonomy on offer. Last month the deputy leader of the Tigers' political wing died on the 13th day of a protest fast.

The 17 members of the Tigers, the most powerful of the Tamil rebel groups, were on board a trawler seized on Saturday by the Sri Lankan navy 10 miles from Point Pedro in the narrow Palk Strait between Sri Lanka and India. The trawler, which was loaded with heavy weapons, had left from the south Indian Tamil state of Tamilnadu, according to officials in Colombo.

The 17 were being brought to Colombo for interrogation about arms smuggling runs into the eastern province. The Government was hoping to find out more about the shipment and also to use the Tamils in a prisoner exchange. The Tigers are still holding eight Sinhalese soldiers captive.

On Sunday President Jayawardene rebuked the Indian peacekeeping force for not fulfilling its basic obligation of supervising the surrender of arms effectively. The Government believes that the Tigers have retained at least 50 per cent of their weapons.

As a result of the President's complaints, India is airlifting more army units to supplement the Indian peacekeeping force on the island, which already stood officially at 8,000 soldiers and between 1,000 and 2,000 paramilitary forces. Some estimates put the number considerably higher.

Trouble has recently been concentrated on the eastern district of Trincomalee where 18 people have died since Wednesday in communal clashes between Tamils, Moslems and Sinhalese. About 500 buildings were burnt and 5,000 people made homeless.

# Bitterness divides Tibetans

Continued from Page 1

The longer the unrest lasts, the more embarrassing for the Chinese Government, which has been distracted from its preoccupations with a landmark Communist Party congress later this month.

Chinese officials blame a few monks for stirring up the rest of the Tibetan population. But the problem goes far deeper and is tied to the almost fanatical worship by the Tibetans of the Dalai Lama and their variety of Mahayana or "greater vehicle" Buddhism.

Each day, hundreds of pilgrims do circuits of the Jokhang, taking three steps, prostrating themselves on the grubby pavement, then drawing a wide arc with their hands in the dust before rising and taking another three steps.

The high profile taken by some foreign travellers during the protests - several threw stones at police last Thursday and two were grazed by bullets - has fuelled Chinese conspiracy theories about foreign orchestration of the dissent.

The issue is already a strain on relations betwen China and the US which has been strongly criticised by the Chinese Government for allowing the Dalai Lamai to address US congressmen last month.

While the Tibetans are generally a passive people - with monks forced to offer prayers before and after engaging in violence - and Chinese control is far more relaxed than in past decades, the recent deaths have driven wedges of bitterness between the two nationalities.

Background, Page 4

# Dilemma for Governor as Fiji talks fail

BY CHRIS SHERWELL IN LAUTOKA, FIJI

FIJI'S future stability hung in the balance last night after a breakdown in crucial talks aimed at ending the crisis caused by the South Pacific state's second coup in five months.

The breakdown means that Ratu Sir Penaia Ganilau, the stalwart Governor-General, faces a serious dilemma in deciding whether to resist or give way to Col Sitiveni Rabuka, the country's self-proclaimed military ruler who again seized power 10 days ago.

It also markedly reduces the chances of a political resolution to the crisis, adding the spectre of civil disorder to the economic dislocation which Fiji is already suffering.

Apart from the Governor-General and Col Rabuka, yesterday's four-cornered talks on the western side of Fiji's main island were attended by Dr Timoci Bavadara, the former Prime Minister ousted in Col Rabuka's first coup last May, and Ratu Sir Kamisese Mara, Dr Bavadara's predecessor, whose party lost last April's election.

Dr Bavadara's National Federation-Labour coalition, linking both ethnic Fijians and Indians, rejected Col Rabuka's minimal demands for constitutional change, saying they struck "at the very roots of the democratic processes so essential to the maintenance of a multiracial society."

Ratu Mara, one of the country's most senior Fijian chiefs, said he was prepared to accept the terms so that the Governor-General could remain in control of the country. According to Col Rabuka, acceptance of his terms would result in the "immediate" return of executive authority to the Governor-General.

The Governor-General, whose role in the crisis clearly remains crucial, said that in these circumstances it would be "inexcusable" to "sit and do nothing."

His options appear to be to resign to make way for Col Rabuka or to stand firm. Both carry the risk of provoking opposition. A third, less likely, possibility would be even more controversial: to accept Col Rabuka's offer to head a new government.

After the break-up of the four-cornered meeting, which Col Rabuka attended for just 14 minutes, the Governor-General met Col Rabuka alone for 80 minutes. Further developments are expected today.

Col Rabuka's demands, spelt out in detail for the first time, call for 36 seats to be reserved for Fijians in a parliament expanded from 52 to 67 seats. Six key government positions would also be reserved for indigenous Fijians - the Governor-General and his deputy, the Prime Minister and the ministers of foreign, home and Fijian affairs.

Even if all four participants had agreed to these demands, it is not clear how a document embracing them could be implemented as a constitution without endorsement from some form of popular assembly.

And it is not obvious that Queen Elizabeth, at least as Queen of the multiracial Commonwealth, would be able to give her blessing to a blatantly discriminatory constitution without Buckingham Palace engaging in awkward exchanges with countries such as India.

**Robert Mauthner, Diplomatic Correspondent, adds:** Sir Sonny Ramphal, the Commonwealth Secretary-General, said he was "dismayed" at the failure of yesterday's meeting to find a solution to the country's crisis.



## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | F | 28 | 82 | Dubrovnik | S | 22 | 72 | Malta | F | 27 | 81 | Rhodes | S | 26 | 79 |
| Algiers | F | 29 | 84 | Edinburgh | F | 13 | 55 | Manchester | C | 15 | 59 | Rio de J'o | - | - | - |
| Amsterdam | F | 18 | 64 | Faro | S | 21 | 70 | Manila | - | - | - | Rome | C | 25 | 77 |
| Athens | S | 20 | 68 | Florence | C | 18 | 64 | Melbourne | C | 15 | 59 | Salzburg | F | 20 | 68 |
| Bahrain | S | 34 | 93 | Frankfurt | S | 18 | 64 | Mexico City | - | - | - | San Francisco | S | 17 | 63 |
| Bangkok | S | 20 | 68 | Funchal | F | 23 | 73 | Miami | F | 20 | 68 | Seoul | S | 27 | 81 |
| Barcelona | C | 22 | 72 | Geneva | C | 15 | 59 | Milan | R | 12 | 54 | Singapore | F | 31 | 88 |
| Beirut | C | 25 | 78 | Gibraltar | F | 19 | 66 | Montreal | F | 5 | 41 | Stockholm | C | 12 | 54 |
| Belfast | C | 14 | 57 | Glasgow | R | 14 | 57 | Moscow | C | 8 | 46 | Strasbourg | F | 17 | 63 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

# Iranian threat to US Gulf bases

Continued from Page 1

es would be perfectly justified," he said.

The remarks follow a prediction on Friday by Mr Ali Akbar Hashemi Rafsanjani, the powerful speaker of the Iranian Parliament, that Iran could soon be at war with the US as a result of the American attack on an Iranian vessel which Washington says it discovered laying mines two weeks ago. Taken together, the two statements can be read as a warning that Tehran will feel compelled to strike at US interests in the event of a further incident of this kind.

Diplomats and members of the Gulf shipping community still find it hard to believe that Iran wants to initiate a direct confrontation with the US naval force now patrolling the Gulf. The Americans have about 30 ships in the region with enormous firepower at their disposal, and for all its fiery rhetoric Tehran has been remarkably pragmatic in its actions in recent weeks, attacking only neutral ships without a naval escort.

Nonetheless, if Iran were to carry out Gen Zahirnezhad's threat, the most obvious target would be Bahrain. It contains the headquarters and essential support facilities for the US Middle East Force. The island state off Saudi Arabia has also been a principal focus for Iranian-inspired efforts to destabilise the Arab Gulf states over the last few years.

Yesterday's Iraqi air raids hit the Liberian-registered supertanker Seawise Giant, at 564,739 tonnes the largest vessel in the world, the 256,263-tonne Cypriot-flag Shining Star, the 237,311-tonne Liberian-flag World Admiral and the 183,526-tonne Brazil Star.

FINANCIAL TIMES
Tuesday October 6 1987



# Calor rejects £820m bid from Burmah, SHV

BY LUCY KELLAWAY IN LONDON

CALOR, the UK bottled gas company, yesterday rejected a joint £820m ($1.33bn) bid proposal from Burmah Oil of Britain and SHV, a privately-owned Dutch company. The bid, which was final and had been made conditional on the recommendation of the Calor board, was withdrawn at once, ending one of the shortest takeover sagas in recent history.

Mr David Mitchell, managing director of Calor, said yesterday: "The offer was so low that we did not need any time to mull it over. I hope we have seen the end to all this, and we can get back to running our business."

SHV, which acquired 29.9 per cent of Calor shares in April claiming it regarded its holding as an investment, yesterday reiterated its friendly intentions to the company.

Mr Paul van Vlissingen, chief executive of SHV, said: "We are very happy with our stake for a long-term strategic investment – it is quite possible that we will still be a holder of 30 per cent of Calor in 1995. I fully support the board, and am delighted that they think that the company is worth more than the value of our bid."

While either SHV or Burmah are free to make a new bid independently, both companies said they had no such plans. Schroders, which advised Burmah on the deal, said: "Burmah viewed Calor as an ideal fit. It was an important commercial opportunity for them".

However, the company said it had several other possibilities under review, and for the time being would concentrate on expanding its existing business.

Burmah and SHV announced their intention to make a bid for Calor last week, following a rapid rise in the Calor share price from about 480p to almost 550p. After yesterday's bid, which valued Calor's shares at 575p, had been rejected the shares fell sharply to close 50p lower at 523p. Burmah shares fell 9.5p to 573p.

Under the deal, a joint offer would have been made by a new vehicle, 50 per cent owned by Burmah and 50 per cent by SHV. Had the bid succeeded, Calor would have remained as a single unit, jointly owned by both companies.

Calor's institutional shareholders, which earlier this year overturned a recommended bid for Contibel – the other half of the old Imperial Continental Gas group before it was broken up earlier this year – yesterday appeared to approve of the board's decision to reject the offer.

# MoDo moves to control Holmen

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

MODO, the Swedish pulp and paper group, yesterday took a decisive step towards gaining control of Holmen, a rival domestic forest products group and Europe's leading newsprint producer.

It has reached agreement with Ratos, the Swedish investment company, to buy its 30.5 per cent voting stake in Holmen for SKr1.4bn ($218m), despite the longstanding opposition of the Holmen management to the deal. MoDo is paying SKr725 a share, a 21 per cent premium over the market price.

The deal creates a new constellation in the European pulp and paper industry involving MoDo, Iggesund – its 48.6 per cent owned affiliate – and Holmen, which will rival the existing market leaders in Sweden, Stora, Europe's biggest forest products group, and Svenska Cellulosa (SCA).

The new grouping brings together three of Sweden's strongest producers in fine paper and market pulp, MoDo, newsprint and tissue, Holmen, and board, Iggesund.

Iggesund, the MoDo affiliate, already owns a 15.7 per cent voting stake in Holmen. Yesterday's deal gives MoDo/Iggesund 46.6 per cent of the votes and 26.9 per cent of the equity in Holmen.

As a separate part of yesterday's deal Ratos also has an option to sell its 9.8 per cent stake in Iggesund to MoDo during April next year for SKr406.8m, or SKr625 a share, a 19 per cent premium over the current market price.

Trading in the shares of all four companies – MoDo, Holmen, Iggesund and Ratos was halted yesterday.

Mr Mats Carlgren, chairman of MoDo and Iggesund, whose family is the major shareholder in MoDo, has been seeking to build a third force in the Swedish pulp and paper sector for more than three years, but his previous approaches to Holmen have been forcefully rebuffed, despite the 15 per cent stake built up by Iggesund.

Mr Christer Zetterberg, Holmen chief executive, told shareholders earlier this year that he could see no advantage in a merger with MoDo, and the two main Holmen shareholders Ratos and Marieberg – the newspaper and publishing group controlled by the Bonnier family – promised that Holmen would retain its independence from other pulp and paper groups.

MoDo had a turnover last year of Skr7.39bn, compared with Holmen's turnover of SKr6.4bn and Iggesund with SKr2.4bn.

Earlier this year MoDo sold its tissue and hygiene products subsidiary to Holmen for around SKr550m.

# Kadoorie group sets share price

By David Dodwell in Hong Kong

HONGKONG and Shanghai Hotels, the group controlled by the family of Lord Kadoorie – Hong Kong's only member of Britain's House of Lords – yesterday fixed the price at which just under 35 per cent of the company's share capital is to be offered in a HK$2bn (US$256.9m) issue to international institutional as well as local investors.

The offering is aimed at widening and stabilising the company's shareholding after Mr Joseph Lau, who heads the Evergo group, attempted to wrest control of Hongkong and Shanghai Hotels from the Kadoories.

About 65 per cent of the offering – or 21.25m shares – will be offered to international institutions at a price of HK$61.75 a share. The remainder of the shares – about 11.25m – will be offered to the Hong Kong public at HK$61.50 apiece . This represents a discount of almost 8 per cent on the market price of the group's shares, which stood at HK$67 at the end of trading yesterday.

The group, which is one of the oldest in Hong Kong, owning the prestigious Peninsula Hotel and a portfolio of prime properties in the British territory, was thrown into crisis early this summer when Mr Lau and another outside shareholder acquired almost 45 per cent of the group.

Though the group's shares are one of the constituents of the Hang Seng index, Hong Kong's main stock market indicator, they had until recently been barely traded, with the company ignored by most stock market analysts, because of the tight control held by the Kadoorie family, and the family of Mr David Liang.

The Kadoorie family's average buying price for the shares now being placed was HK$65. Assuming the shares are successfully sold at the prices fixed yesterday, this will involve a loss to them of HK$115m.

INTERNATIONAL BODY SEEKS GREATER CONSISTANCY

# Move on accountancy standards

BY BARRY RILEY IN LONDON

THE International Accounting Standards Committee (IASC), the multinational body which was founded in 1973 and provides recommendations on standardising companies' accounts, is to tighten its standards to improve consistency of financial reporting in different countries.

The committee's board, comprising representatives of 13 countries, has decided according to its October 1 annual report for 1987, that it must reduce the number of permissible options under its existing standards so that "they may form a benchmark for use in multinational securities offerings."

The IASC has so far issued 26 accounting standards, along with four exposure drafts, which have been sent out for comment. The standards have in the main culled a number of acceptable options from the various practices used in different countries.

This has meant that company accounts in different countries, while in compliance with the international standards, have not been directly comparable.

The IASC has set up a steering committee on the comparability of financial statements, with a brief to prepare an inventory of options within existing international standards and to attempt to identify the reasons for their existence and retention.

The annual report says this committee will make recommendations on those practices that should be eliminated and those for which a preferred option should be specified.

The IASC also hopes to broaden its membership by including representatives of companies which prepare accounts rather than just auditors and analysts as at present.

An invitation has been extended to the International Association of Financial Executives Institutes to take up a vacant board seat.

The IASC says it must work more closely with regulatory authorities, as well as standard-setting bodies, multinational companies and accounting firms, to achieve the degree of harmonisation desired by the users and preparers of financial statements.

The committee already has a consultative group, which meets the board several times a year and includes representatives of such bodies as the International Chamber of Commerce, the International Bar Association and the International Organisation of Securities Commissions.

Elsewhere, the IASC board expressed concern about inflation accounting, noting that fewer enterprises are providing information reflecting the effects of changing prices, as required by its international standard IAS 15.

In the face of arguments from companies that the information is no longer important because of declining inflation rates in many countries, the board has set up a steering committee to consider whether a comprehensive review of IAS 15 should be undertaken.

Separately, the IASC has published a new exposure draft, No. 31, to cover financial reporting in hyper-inflationary countries, where the cumulative inflation over three years is 100 per cent or more.

# GFSA profits fall to R315m

BY JIM JONES IN JOHANNESBURG

WAGE increases to black miners lifted gold mine operating costs by about 5 per cent in the September quarter, according to Mr Colin Fenton, a director of Gold Fields of South Africa (GFSA).

In Johannesburg yesterday Mr Fenton said wages had contributed 45 per cent of the operating costs of a typical gold mine and that black employees' wages had been 25 per cent of total costs.

GFSA's mines awarded their black miners wage increases averaging 20 per cent on July 1, which meant black wage increases alone lifted working costs by 5 per cent on a quarter-on-quarter basis.

GFSA's mines were not affected by the black miners' strike. As a result, the mine's September quarter performances probably do not provide an indication of the results due to be reported in the next two weeks by mines which were idled by the strike.

Average unit costs were 8 per cent higher in the September quarter than in the June quarter, at the seven goldmines managed by GFSA. However, cost increases were significantly higher at mines suffering production difficulties.

Although the GFSA group's average gold recovery grade increased to 8.7 grammes per tonne (g/t) from the June quarter's 8.4 g/t and average gold prices increased to R30,167/kg from R28,884/kg, higher working costs and increased tax left the overall after-tax profit lower at R315m ($92.8m) against R328m in the June quarter.

Driefontein Consolidated, the largest of the group's mines, increased gold recovery significantly at its East Division while, in contrast, Doornfontein's grade dropped to 5.2 g/t from the June quarter's 5.8 g/t.

| | Gold produced (kilogrammes) | | After-tax profit (R million) | | Earnings per share (cents) | |
|---|---|---|---|---|---|---|
| Quarter ended | Sep '87 | Jun '87 | Sep '87 | Jun '87 | Sep '87 | Jun '87 |
| Deelkraal | 2,083 | 1,986 | 30.46 | 25.38 | 21.3 | 14.4 |
| Doornfontein | 1,915 | 2,123 | 8.90 | 18.83 | (0.4) | 65.4 |
| Drie Cons | 17,237 | 15,798 | 147.51 | 157.92 | 113.5 | 87.2 |
| Kloof | 7,580 | 7,580 | 104.68 | 97.22 | 34.6 | 29.7 |
| Libanon | 2,088 | 2,132 | 17.08 | 17.38 | 101.0 | 61.7 |
| Venterspost | 1,580 | 1,580 | 5.38 | 8.81 | 97.4 | 63.8 |
| Vlakfontein | 217 | 266 | 1.00 | 1.03 | (23.1) | (112.0) |

Earnings per share are calculated after capital spending. Vlakfontein's capital expenditure exceeded after-tax profits in the June and September quarters. Doornfontein's capital spending was greater than the after-tax profit in the September quarter. Figures in parentheses are negative.

# CSX reports 23% rise in profits

By Our Financial Staff

CSX, the US railroads, energy and technology group whose results traditionally signal the start of a US reporting season, has announced a 23 per cent rise in third-quarter profits.

Net earnings rose from $77m, or 50 cents a share, to $95m, or 61 cents, mainly attributable to stengthened transportation results.

Nine-month net profits, however, were $268m, or $1.73 cents a share, against $286m, or $1.87, while revenues rose from $5.29bn to $5.91bn. Results for 1986 have been restated to reflect the consolidation of Sea-Land.

The company said total rail traffic had increased 7 per cent while Sea-Land container volumes had increased 4 per cent from the levels of 1986. General commodity rail traffic was up 8 per cent

Energy division results were stronger in the third quarter and year-to-date

# Another boardroom shake-up in Japan

By Ian Rodger in Tokyo

ON THE whole, as an economist might say, the Japanese are coping very well with the rapid structural changes forced on them by the rapid rise in the yen in the past two years. However, a spate of surprisingly messy boardroom shake-ups in the past few months in leading Japanese companies testifies to the substantial internal tensions that have built up along the way.

In the latest case, which burst into the open last week, Mr Jiro Yanase, a 71-year-old car import tycoon, has come out of semi-retirement and sacked his well-born son-in-law as president. It appears that Mr Takahide Inayama, the son-in-law, was held responsible for the failure of the privately owned Yanase group to prevent the partial defection of its biggest client, West Germany's Daimler-Benz.

## Fit of pique

In August, the Japanese were treated to a similarly unseemly spectacle when Mr Ichiro Isoda, chairman of Sumitomo Bank, announced that Mr Koh Komatsu, the bank's president, would be resigning two months ahead of schedule. The reason for Mr Isoda's fit of pique, it seems, was that Sumitomo's ambitious expansion drive in the past year has temporarily removed it from its perch as Japan's most profitable bank.

Another startling boardroom shuffle occurred in June when Mr Shoji Nogawa, president of Komatsu, the construction equipment group, was sacked by the group's 70-year-old chairman, Mr Ryoichi Kawai. Mr Kawai, son of the man who built up the group from its modest beginning as a captive machine tool builder for a mining company, was apparently getting nervous that Mr Nogawa, a hands-on manager with a production background, had become too powerful within the company.

Yanase, the latest case, is Japan's leading car importing group, representing General Motors of the US and Volkswagen of West Germany as well as Benz. It was a typical importer in the days when imports were not welcome in Japan. The company enjoyed a comfortable and highly profitable life by selling very few cars at very high margins, leaving the hard work and the big volumes to the local manufacturers.

## Paltry shares

However, in the past few years, this strategy has been more difficult to sustain, as foreign carmakers have become more and more dissatisfied with their paltry shares in the big Japanese market. In 1981, BMW of West Germany (which had been represented by another importer) set up its own distribution network in Japan.

Yanase and others claimed that foreigners could never manage on their own in the Japanese market, but BMW has continued to grow rapidly and, in the first half of this year, took away the import market leadership from Yanase's Daimler-Benz. In 1982, Benz sold 5,752 cars in Japan, BMW 5,380. In the first half of this year, BMW sold 10,050 to Benz's 9,114.

Other importers have taken note of BMW's success, and last year Benz indicated its dissatisfaction with Yanase by setting up its own importing subsidiary in Japan. Last month, in the move that apparently set off the Yanase boardroom shuffle, Benz announced a series of arrangements with Mitsubishi Motors, including giving Mitsubishi the right to set up Benz dealerships in Japan. (Yanase retains non-exclusive distribution rights.)

Mr Yanase, owner and chairman, said last week he was returning 'to the front line because the situation at home and abroad is at a crucial stage.' Mr Inayama, the son of a former Nippon Steel chairman, has been promoted to the powerless position of vice-chairman, and industry observers are already wondering about the succession at Yanase. Mr Yanase has no son of his own.

John Elliott on the reorganisation of a family conglomerate

# Birlas settle on gradual approach

ABOUT 75 per cent of the main 55 quoted companies in India's large Birla business house have been allocated to individual members of the Birla family after more than a year's complex negotiations aimed at dividing shared assets into six main individual groups.

Shares worth more than Rs1bn ($47m) have already changed hands. About the same amount again is expected to be involved in sorting out the rest of the total 200 Birla companies.

About half of the first Rs1bn is being spent by Mr B K Birla, aged 66, an important elder in the family who initiated the changes, and his son Aditya, 44. They will finish up heading by far the largest group of the family, but in the process will have provided other members of the family with considerable piles of cash for investment.

Mr B K Birla and his son Mr Aditya Birla - will head by far the largest group

The Birlas are the biggest industrial family group in India, marginally ahead of the Tata group, with both assets and turnover of well over Rs40bn spread across a wide range of industries from engineering, textiles and cement to fertilisters, jute and steel.

They are the leading family of India's major Marwari business caste, which came originally from the western desert state of Rajasthan and now, having moved to Calcutta and other major cities, dominates large sections of Indian industry.

Since Mr G D Birla, the undisputed head of the family, died in 1983 at the age of 89, there has been no major unifying force. The senior family members decided last year to sort out the cross-holdings and agreed that family members would buy from each other controlling interests in the companies they were already promoting and managing.

The aim was to avoid the sort of ownership squabbles which have hit other Indian business families as successive generations have grown up. But squabbles have broken out, and earlier in the year some members of the family bid against each other on the open share market

Mr B K Birla now admits that it was a mistake a year ago to try to sort out all the cross-holdings in 200 companies at the same time because of the complexities of existing ownership, arguments about future control and share prices, as well as other problems such as heavy corporate taxation. So the companies are now being tackled gradually and businesses with disputed ownerships have been left till later.

The BK-Aditya group, as the biggest group will probably be known, includes major companies such as Grasim Industries, formerly called Gwalior Rayon, with a turnover of about Rs4bn, and Hindustan Aluminium (Rs3bn turnover).

Mr B K Birla's Century Spinning (Rs2.9bn) is still the subject of negotiations because it is owned by Pilani Investments, an important family finance and investment company. Pilani is owned by several branches of the family and is still in dispute in "the pool" of unresolved assets.

Other BK-Aditya companies with sales in excess of Rs1bn include Indian Rayon and Kesoram Industries, and there is a stake in a major new fertiliser plant budgeted to cost Rs7bn.

Next biggest is the group of Mr G P Birla, aged 65, and his son Mr C K Birla, 32, and includes Hindustan Motors (Rs3.3bn turnover) and Orient Paper (Rs1.8bn).

The third biggest is run by Mr K K Birla, 69, a Congress I member of Parliament, who owns the Hindustan Times, a major national newspaper. He is buying a 7 per cent stake and a substantial managerial interest in GKW, an ailing Calcutta-based engineering offshoot of GKN of the UK with a Rs2bn annual turnover.

Mr K K Birla is making this purchase through his main finance company, Sutlej Cotton, in which he has bought a controlling interest during the family shake-up. His other main companies include Zuari Agro (Rs1.4bn turnover) and Texmaco (Rs660m). His new projects include a share in a major fertiliser plant.

The fourth in line is Mr S K Birla, 51, who is acquiring a dominant interest through a financing deal organised by Merrill Lynch in the Indian offshoot of Chloride of the UK, a unit which has Rs1bn in sales. One of the largest companies in which he has secured control is Jiyajeero Cotton (turnover Rs1bn) which has been used as a major investment company.

The final two smaller groups are headed by Mr M P Birla, aged 70, and Mr Ashok Birla, 47.

# Compagnie du Midi agrees to buy broker

By George Graham in Paris

COMPAGNIE DU MIDI, the French insurance group now bidding for control of Equity & Law in the UK, has agreed to buy Meeschaert-Rousselle, France's largest stockbroker.

Meeschaert, which had previously said it would not seek an outside buyer in the face of the changes now sweeping the French stock exchange, will sell control of its broking and trading activities to Compagnie du Midi while keeping its private client activities independent.

The takeover will be gradual, in line with the conditions of the Stock Exchange reform bill due to pass through parliament in the current autumn session, which will not allow full control until 1990.

Meeschaert, which had turnover of FFr287m ($46.8m)in 1986 and handled FFr210bn of transactions, is the fifth French stockbroker to have officially announced that it would sell control to an outside financial institution, but other firms have already submitted plans to the french treasury for approval.

Some firms have discovered, however, that there are limits to a bank's enthusiasm for buying a broker. Several foreign securities houses, which had originally planned to buy a French firm, are now reconsidering their plans, while several French banks have resisted the prices being sought - often about 15 times 1986's high level of earnings.

Midi, which has already moved into the financial markets through its subsidiary Delta Banque, said it planned to keep Meeschaert as a decentralised operating unit, ensuring that it retained the necessary independence from other companies in the group.

● Cerus, the French holding company of Italian industrialist Carlo De Benedetti, is holding talks aimed at obtaining a stake in securities broker Francois-Dufour Kervern.

The discussions were centred on Cerus taking a stake of less than 100 pct. A decision would probably be reached by year-end, Cerus said.

# Philips plans to float 20% of Polygram

BY LAURA RAUN IN AMSTERDAM

POLYGRAM, the music production subsidiary of Philips, will be partially floated through an international equity offering which expected to raise about $270m through the public sale of 20 per cent of Polygram's shares.

Philips, the Dutch electronics group, said that it expected the issue price to be about $18 for each of the 15m shares to be put on the market next month. About 70 per cent of the stock will be placed in the US and the remaining 30 per cent in the rest of the world, mostly Europe.

The partial flotation is seen as Philips' way of fostering Polygram's dramatic turnaround of recent years by enabling it to tap the capital markets for fresh investment funds instead of relying on the parent company.

Philips is keen to exploit Polygram, which brandishes some of the highest profit margins in the whole group, and is therefore willing to grant it more independence than might be expected from Mr Cor van der Klugt, Philips' chairman, who has been centralising control in Eindhoven.

Philips believes that the nature and the global scope of Polygram's activities as well as its growth strategy justify a more independent position,the Dutch parent said.

"While Philips considers it appropriate to reduce its holdings at this time, it intends to maintain its involvement in the software music industry through Polygram and, therefore, believes it is of strategic importance to retain a controlling interest in Polygram."

Prudential-Bache Capital Funding and Merrill Lynch Capital Markets will co-lead manage the entire global issue. The initial listing will be on the National Association of Securities Dealers Automated Quotation system (NASDAQ) with listings expected to follow within a year in London and Amsterdam.

Polygram features some of the most prestigious names in music recording, including Deutsche Grammophon, Decca, Polydor and Casablanca and reported operating profits before extraordinary items of Fl 170m ($82.1m) on sales of Fl 2.9bn in 1986. Until just a few years ago, however, it was an albatross around Philips' neck, losing nearly $300m between 1979 and 1982, mostly in the US.

In 1985 Philips reluctantly bought out most of the stake in Polygram held by Siemens, with which Philips established Polygram in 1962. That gave Philips 90 per cent of a red ink-splashed company, and the parent repeatedly vowed to find a new partner to take over half of Polygram.

None was forthcoming, but Polygram was pulled back into the black on the back of its compact disc expertise. Operating profits amounted to Fl 119m in 1985. *Earlier this year Philips* bought out the remaining 10 per cent from Siemens.

Cor van der Klugt:giving more independence

# Pakhoed to dispose of Air Express

By Our Amsterdam Correspondent

PAKHOED, the Dutch transport and storage group, plans to sell its airfreight forwarding division, called Pandair to Air Express International of Darien, Connecticut.

No sales price was disclosed but, Pandair is considered to be one of the largest international air freight forwarders, with turnover of Fl 800m ($386.5m)in 1986.

Pandair has lost Fl 22.5m in the past two years amid cutthroat competition in the air freight industry, especially in the US where the division has suffered from operating inefficiencies and marketing difficulties. Some analysts expect the division to return to the black this year.

Pakhoed, which is based in Rotterdam, said that its Pandair division and Air Express "are for the greater part complementary, both geographically and in terms of activities." Pandair operates in the US, western Europe, Far East and Pacific and employs 1,220.

Air Express is the oldest international airfreight forwarder in the US and has 43 company-owned offices in America and 75 outside. It employs 2,850 and posted sales of $320m in 1986.

# Sulzer tightens its share rules

By John Wicks in Zurich

SULZER BROTHERS, the Swiss engineering group, has introduced tighter registration restrictions on its shares following recent heavy speculation in the company on the Zurich bourse.

From now on holdings of more than 1,000 shares - or 0.5 per cent of Sulzer's capital - will be entered into the company's share register. The limit had been 4,000 shares until May of this year, when it was reduced to 3,000.

This year Sulzer registered shares have jumped from SFr2,850 to SFr6,450($4,215). Sulzer says it has identified a group of private investors which has been carrying out large-scale purchases. According to unconfirmed press reports, the buyers are headed by a finance company in southern Switzerland.

At present, no single shareholder holds more than 5 per cent in Sulzer. The actual size of the recent bourse purchases is not known, but the company believes the buying group has a stake of less than 10 per cent.

The actual influence of the new shareholdings is possibily less than 10 per cent since a large number of registered shares which have been bought have not been the subject of applications for entry into Sulzer's share register. The volume of such floating shares is put by the company at about 20 per cent its capital.

Sulzer is one of the few major Swiss companies whose entire capital consists of registered shares and non-voting articipation certificates. Only after registration is it possible for holders of registered shares to exercise a vote.

Registration restrictions are Swiss companies' most common weapon in the warding off of unwanted share purchases, having originally been created mainly to guarantee Switzerland's neutrality before the war, and later to counter possible petro-dollar buy-outs.

Recently, their main purpose has been to stop domestic takeover bids. There have been several such cases in the past year or so, the most important being the successful move by the Hero foods group to defend itself against an attempt by Jacobs-Suchard to take control.

Elsewhere, the Georg Fischer engineering group tightened up register entry after substantial purchases by Swiss investors, while the Usego-Trimerco retail concern refused registration to buyers acting on behalf of the Denner chain.

# US bank seeks full Portuguese licence

BY DIANA SMITH IN LISBON

MANUFACTURERS HANOVER, the first foreign bank to set up a wholesale branch in Portugal after liberalisation of banking legislation in 1984, has applied to the Portuguese and US authorities for permission to change the status of its branch to that of a bank fully incorporated in Portugal.

Its goal is to be able to offer shares in the incorporated bank on the Portuguese stock market.

The bank has had a close relationship with Portugal for 60 years and in 1984-85 when six foreign banks received licences. Manny Hanny won the race to be the first to set up shop in Lisbon.

*Its early start gave it* a strong competitive edge in lucrative business with major Portuguese corporations - free, for its first half-year of operation, of credit ceilings that were eventually extended to all new banks.

The bank's first year's profit of Es700m ($4.9m) with only one branch and less than 30 employees, exceeded the profits of most larger Portuguese nationalised banks. This so irritated the authorities that they abruptly demanded that all new banks increase their minimum capital requirement by 63 per cent to Es2.5bn.

The move somewhat soured relations between new foreign or private Portuguese banks and the authorities, who were accused of changing the ground rules in mid-game without satisfactory explanation.

But the new banks, whether Portuguese or foreign, soldiered on, creating competitive pressures which recognisably improved the quality of services in Portuguese banking as a whole, and compelled authorities to deal more openly with bankers.

# Granville raises finance to back buyouts

By William Dawkins in Brussels

GRANVILLE, the small London-based financial services group, has raised Ecu 40m ($45m) to back management buy-outs in continental Europe.

The Callander Granville Euromanagement Fund, registered in Luxembourg, aims to cater for what the managers believe is the beginning of a major expansion in the number of management buy-outs and development capital financings.

This will come from the spreading publicity accorded to the growing number of buy-outs in the UK, supported by the breaking up of industrial conglomerates and a growing acceptance of the role of equity finance by family owned companies across Europe, argues Granville.

The fund's lead investors include institutions for eight European countries+ the UK, Switzerland, France, Luxembourg, Spain, Belgium, the Netherlands and West Germany. Granville envisages that fund investments will be syndicated among its shareholders as well as receiving capital directly from the the fund itself.

Qualifying companies must be at least four years' old and have taxable profits of more than Ecu 300,000. They must also be capable of achieving a flotation within three to five years after investment.

David Lascelles on a ground-breaking move by a Japanese bank

# Fuji chooses London to expand

NEW GROUND was broken in the international expansion of Japanese banking last week when Fuji Bank obtained a listing for its shares on the London Stock Exchange. This was the first time that a Japanese bank has gone to a major foreign stock market, though several large Japanese industrial companies have already taken that step.

Mr Toru Kusukawa, deputy president of Fuji Bank, who came to London to mark the event, said: "We had been asking ourselves whether a Tokyo listing was sufficient, now that we are expanding abroad." He said London was "a more natural choice" than New York because it is an international market and Japanese shares are more actively traded there than in the US.

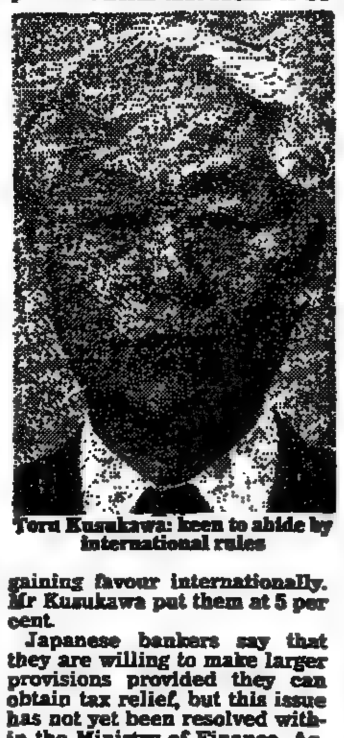
There is also an element of reciprocity in the listing. Several UK banks including Barclays, National Westminster and Standard Chartered, have recently obtained listings in Tokyo and the Japanese were under some pressure to repay the compliment, given the strains that have plagued UK-Japanese relations in the last year or two. Other Japanese banks are now expected to seek listings in London as well.

Fuji is the third largest bank in Japan, and also the third largest in the world. In the year ending March 31 it earned Y101bn ($693m) up from Y72bn ($494m) the year before. Its total assets at the end of March were Y37,350bn ($256bn). The fact that it obtained the London listing before its high-profile rival Sumitomo Bank, surprised some people but Fuji has embarked on a firm course of overseas expansion which it now wants to highlight.

The listing, which was arranged by Kleinwort Benson, the merchant bank, comes at a time when the finances of Japanese banks are under some pressure. The moves launched earlier this year by international bank regulators to create worldwide capital adequacy standards are gaining momentum and this will oblige Japanese banks to seek fresh resources to boost their capital ratios. Mr Kusukawa said that capital has become "a touchy matter" but he added that "we are keen to abide by the international rules."

Although Japanese banks are now raising more capital on their home markets and through convertible issues on the international markets, Mr Kusukawa said that Fuji had no immediate plans to tap the London equity market. But this could not be ruled out in the future. He expected that the new international capital rules would be phased in so that banks have time to adjust their capital ratios.

There is also the question of how Japanese banks will respond to moves by US and European banks to make large additional provisions against their Third World loans. Although Japanese banks do not have the same measure of exposure to less developed countries, their provisions are well below the 30 per cent norm that seems to be gaining favour internationally. Mr Kusukawa put them at 5 per cent.



Toru Kusukawa: keen to abide by international rules

Japanese bankers say that they are willing to make larger provisions provided they can obtain tax relief, but this issue has not yet been resolved within the Ministry of Finance. According to Mr Kusukawa, a move to 10 per cent might be the first step.

Another factor bearing on Japanese bank performance is the liberalisation of the domestic financial markets and the move towards free market interest rates. This is squeezing bank margins and forcing banks to seek out new sources of profit and to cut costs. Fuji itself expects to make substantial savings on its domestic operations with a new computer system due to start up next year.

The combination of higher capital costs and reduced margins will be "a burden," Mr Kusukawa concedes. But he hopes that the Japanese banks' increased concentration on profitability will blunt the frequently voiced accusations of foreign bankers that they are only interested in growing their assets. "The old structure is being destroyed. Now we have to think twice before we expand."

Fuji's international expansion will be mainly in the direction of corporate lending and capital markets, Mr Kusukawa said. His bank is not interested in either retail banking overseas or in developing sovereign lending business any further.

Nor are there any big acquisitions on the cards. Fuji's only significant foreign acquisition to date, *Heller Group*, the US finance company, was a painful experience which cost a lot to put right. But it is now making money again.

# Tokyo city banks told to restrain non-yen lending

BY OUR FINANCIAL STAFF

THE BANK of Japan has asked Japanese city banks to restrain their non-yen lending, in addition to a recent move designed to dampen excessive yen lending, as part of a policy of caution toward inflationary potential in the Japanese economy.

The central bank has been asking city banks for prudent yen lending since the beginning of this year, according to Bank of Japan officials. The central bank recently asked city banks to be prudent in non-yen lending as well as yen lending from October to December.

The pleas for prudence reflected concern over rising prices of construction materials in Japan and double-digit year-on-year money supply growth since May. However, the central bank says that it does not expect a sudden increase in inflation.

Non-yen lending by banks has been rising steadily in reaction to the Bank of Japan's move.

The Bank of Japan had previously decided to ask city banks, trust banks and long-term banks to make limited year-on-year increases or to decrease yen lending in October to December.

The city banks are planning an average 3.6 per cent year-on-year rise in yen lending for October to December while the trust banks are planning an average 3.2 per cent year-on-year increase in yen lending for the same period. The long-term banks, however, are planning to cut yen lending by 25 per cent

# Zurich SE starts trading in leading foreign shares

BY JOHN WICKS IN ZURICH

The ZURICH stock exchange yesterday started permanent trading in leading foreign shares. With the exception of two interruptions during business in US equities, a list of 14 shares - 13 European companies, plus Anglo American - will be dealt in from 10.15am and 1.15pm daily.

This extension of trading hours is being implemented on a trial basis and is intended primarily to stop Zurich from losing business to other international financial centres, though also to Basle and Geneva.

The exchange continues to suffer from lack of space but this should improve with the introduction of computer assisted trading

Meanwhile, a new form of covered warrant has been announced for trading.

This is Switzerland's first "all industry option." Launched by BZ Bank Zuerich, which pioneered covered warrants in Switzerland late last year, it consists of the issue of some 120,000 two-year warrants at a unit price of SFr775. Ten of these will entitle the holder to a basket of shares in Swiss pharmaceutical companies.

The basket, priced at SFr59,000 would consist of three registered shares of Sandoz, nine of Ciba-Geigy and one so-called "baby Roche" - certificates equal to one-tenth of a bearer share of F Hoffmann-la Roche.

# Japanese to review insider trading law

By Stefan Wagstyl in Tokyo

THE JAPANESE Ministry of Finance is to carry out a review of Japan's insider trading regulations following rumours that investors with inside knowledge sold shares in Tateho Chemical Industries, immediately before the company last month revealed huge bond dealing losses.

The ministry's study could lead to changes in the post-war Securities and Exchange Act, which forbids the executives and leading major shareholders of a company, as well as securities companies and their staff, from unfairly taking advantage of their knowledge.

However, some foreign securities traders and bankers said the MoF's move was unlikely to produce any substantial revisions of the law. The close links between Japanese industrial groups, banks and securities companies made it extremely difficult to define insider trading, let alone regulate it, they believe.

The MoF's move follows an investigation by the Osaka Stock Exchange which last month concluded that there was no concrete evidence of insider trading by investors close to Tateho Chemical Industries.

Tateho's shares fell heavily after the company announced on September 2 that it suffered losses of Y28bn ($191.3m) from speculative dealing in bond futures.

Hanshin Sogo Bank, one of Tateho's eight banks, acknowledged that it had sold its holding of 337,000 Tateho shares on September 2. But the bank denied that its action amounted to insider dealing.

MoF officials said yesterday that concern about the Tateho affair had in part prompted the decision to launch a study of insider trading law. There was no deadline for the completion of the review.

Under the provisions of articles 50, 58, and 189 of the Securities and Exchange Act, people convicted of insider dealing face up to three years in jail or a fine of up to Y300,000. But no one has ever been prosecuted.

Mr Yoshihiko Yoshino, vice Minister of Finance, has said that the interpretation and definition of the law is not necessarily clear enough.

But foreign stockbrokers in Tokyo say the law only reflects the fact that links between Japanese companies are themselves often poorly defined - even when they are very close.

MoF officials say that even before the Tateho affair they had been trying to raise the industry's self-regulatory standards by writing to securities companies to persuade them to tighten and enforce in-house regulations.

These officials are fully aware of the steps taken in the US and, more recently the UK, to prevent insider trading. But the issue is not one which raises any moral indignation in Tokyo. One diplomat said: "I would say that the public, even the well-informed public, never worries about it. Indeed there is quite a substantial body of opinion which says that there is nothing wrong with insider trading."

Nevertheless, foreign brokers argue that there are two pressures which might eventually bring about tighter regulation. The first is the growing internationalisation of the Japanese stock markets which is bringing into Japan more foreign investors used to stricter regulation.

The second pressure is the increasing strength of the already powerful "big four" Japanese securities houses - Nomura, Daiwa, Nikko and Yamaichi. Some Japanese industrial groups are said to resent the degree to which these four companies dominate the domestic equity market and access to capital.

# Facility for business park

By Paul Cheeseright, property correspondent

GOLDMAN SACHS International has arranged a £48m facility to fund the Thames Valley business park, near Reading, shortly to be developed by Speyhawk, the British property group.

Speyhawk said yesterday that the financing is the largest put together in the UK for the land purchase and infrastructure costs of a business park.

The agent bank is Barclays de Zoete Wedd and funds are also coming from Barclays, Lloyds, Credit Agricole, Bank of Nova Scotia, Standard Chartered and Banque Paribas Capital Markets.

The banks are providing a limited recourse facility for three years, but the borrower has the option to extend the duration to five years. Goldman Sachs would not disclose the pricing, but the interest rate works on a sliding scale so that Speyhawk would pay less if there are pre-lettings on the development.

# Early price gains pared as profit-taking hits US

BY CLARE PEARSON

THE EURODOLLAR bond market got off to an unwontedly optimistic start yesterday morning following reports of Japanese buying of US Treasury bonds, and this encouraged the launch of two new issues totalling $270m.

Eurodollar bonds posted early price gains of between ⅜ and ½ percentage points, shaking off worries about this week's $26bn auction of Treasury bills and notes.

However, these gains were pared later as profit-taking hit the US Treasury market and further rises in yen bond yields threatened to erode the attractiveness of US dollar bonds.

But Toyota Motor Finance (Netherlands)'s $150m issue resisted the decline in the market and finished at around less 1¼ bid, within fees of 1⅜ per cent. Dealers said that this reflected its generous pricing and the attractions of its short, three-year life.

Osaka Prefecture's $120m seven-year bond, on the other hand, was bid outside its 1⅞ per cent fees at less 1.95 bid, underlining the current lack of demand for medium-dated dollar bonds, dealers said.

Toyota Motor Finance's bond, which is backed by a "keep well" agreement on the part of the parent company, giving it a Triple A rating, bears a 9⅝ per cent coupon and a 101.175 issue price. It was led by Nomura International.

Osaka's issue, led by Bank of Tokyo Capital Markets, carries a 10⅜ per cent coupon and a 101¼ issue price, giving an initial 80 basis points yield-pick up over the US Treasury yield curve.

Elsewhere equity-linked bonds dominated the new issues market with a clutch of four deals emerging.

The first two were convertibles for US companies, where the lead managers were taking the lion's share of the issue amounts. Both traded at close to their par issue prices.

**INTERNATIONAL BONDS**

Salomon Brothers International led a $100m 15-year bond for Trinova, the hydraulic components manufacturer which changed its name from Libbey Owens Ford last year when its sold its glass interests to Pilkington of the UK. The callable bond bore an indicated coupon of 5¾ to 6 per cent and the conversion premium is expected to be 20 to 23 per cent.

Credit Suisse First Boston led a $50m 15-year issue for Facet Enterprises, the manufacturer of oil and gas filters. The indicated coupon is 7 per cent to 7¼ per cent and the conversion premium will be in the range 20 per cent to 22 per cent.

Nikko Securities led a $70m convertible for Hitachi Maxell, the Japanese magnetic tape manufacturer. The par-priced bond has a 15½-year life and an indicated 1¾ per cent coupon. Yesterday afternoon it was trading at around less ¾ bid, although dealers said it had been as high as less ¼ earlier in the day.

Nomura International led a $100m five-year equity warrants bond for Taka-Q, a Japanese manufacturer of mens' suits. The par-priced deal, with an indicated 3½ per cent coupon, traded at about less 3 bid, which is ½ point lower than its fees.

The Bundesbank announced that the new DM4bn Federal government bond would have a 10-year life, a 6¾ per cent coupon and a 99¾ issue price. The terms were in line with market expectations.

The bond met a firm reception and dealers said it was the first recent government bond to meet strong demand from domestic investors, partly attributable to the fact that, at issue price, its yield is only about 10 basis points below those of bank bonds of comparable maturity.

The success of the issue helped both the domestic and D-Mark Eurobond markets to close with prices about 10 basis points firmer, though trading was quiet.

A DM100m equity warrants bond for Leykam Muerztaler, the Austrian paper and pulp manufacturer, which was launched last week, traded yesterday at around 159 bid, compared with a 125 issue price.

In Switzerland, prices closed easier with large price falls among some issues. A SFr110m 4¾ per cent issue for Qantas dropped by 1½ points to 93½.

Late in the day, Credit Suisse announced a SFr150m issue for the Inter-American Development Bank split into two equal portions. The eight-year bond carries a 5¼ per cent coupon, while that on the 10-year issue is 5½ per cent. Both are priced at par.

Today, Credit Suisse is expected to launch a SFr100m convertible bond for National House Industrial, the Japanese house-builder. The issue is thought to be the first convertible with a zero coupon to be offered in the Swiss market.

# Local index futures for Simex

THE SINGAPORE International Monetary Exchange (Simex) and the Stock Exchange of Singapore (SES) have agreed to trade in a local stock index futures contract, Reuter reports from Singapore.

Simex is expected to start trading in the contract during the second half of 1988. SES will grant Simex the right to use a Singapore stock index, which will be compiled and maintained by SES, for trading in the futures contract.

Simex has not yet decided which stock index to use. There are 10 stock indices of the local market, including the widely watched Straits Times Industrial Index.

## FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on October 5

| US DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Abbey National 7⅛ 92 | 200 | 90⅝ | 90⅞ | +0⅛ | -0⅛ | 10.28 |
| All Nippon Air 9⅛ 97 | 100 | 90⅝ | 91⅛ | +0⅛ | -0⅛ | 10.90 |
| American Brands 8⅞ 92 | 150 | 94⅝ | 95⅛ | +0⅛ | -0⅞ | 10.26 |
| A/S Eksportfinans 7⅛ 93 | 100 | 87⅛ | 88⅛ | +0⅛ | -0⅛ | 10.35 |
| A/S Eksportfinans 7⅛ 92 | 150 | 89⅝ | 90⅛ | +0⅛ | -1⅛ | 10.30 |
| Belgium 9⅛ 92 | 400 | 93⅝ | 94⅛ | — | — | 10.74 |
| British Telecom 7⅞ 96 | 250 | 83⅝ | 83⅞ | +0⅛ | -0⅞ | 10.60 |
| British Telecom 8⅞ 94 | 150 | 92⅝ | 93⅛ | +0⅛ | -0⅛ | 10.34 |
| [illegible] | | | | | | |

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Belgium 4⅝ 94 | 45 | 90⅛ | 90⅝ | -0⅛ | -1⅛ | 6.42 |
| E.I.B 4⅝ 94 | 40 | 90⅛ | 90⅝ | -0⅛ | -1⅛ | 6.43 |
| Elec. De France 5⅛ 94 | 20 | 93⅛ | 93⅝ | -0⅛ | -1 | 6.37 |
| Kansai Electric 4⅝ 94 | 40 | 91⅛ | 91⅝ | -0⅛ | -0⅞ | 6.26 |
| [illegible] | | | | | | |

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

OTHER STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

* No information available—previous day's price

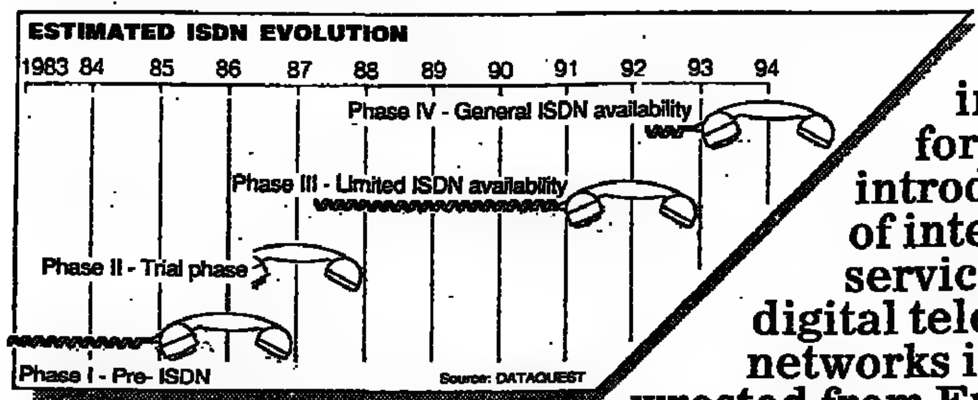
† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier. [illegible]

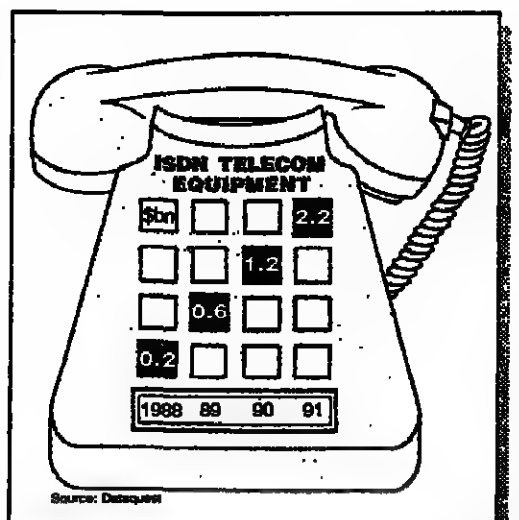
Floating Rate Notes: [illegible]

Convertible Bonds: [illegible]

# TECHNOLOGY




The impetus for a swift introduction of integrated services over digital telephone networks is being wrested from Europe's grasp by the strong market forces at play in America, reports **Jane Rippeteau**




Source: Dataquest

## US snatches ISDN initiative

THE IMPETUS for the multi-purpose telephone system known as the integrated services digital network may be shifting from Europe, where the idea originated, to the US, where market forces are encouraging its implementation, according to industry executives and analysts.

"For a long time, the technology was driving the market. Now we're seeing it slip around," says Sean White, president of Northern Business Information, a telecommunications market research company in New York. He adds: "Demand is leading the capability of anybody to deliver, and this is happening most strongly in the US."

Karl Frensch, director of marketing for Public Switching Systems at Siemens in Munich, concedes that the futuristic network, called ISDN for short, "is getting ahead in the US," although he does not think it has overtaken Europe yet.

White notes that the Americans are still struggling to iron out such specifics as the numbering system (ISDN requires more telephone numbers) and how much to charge for the service.

ISDN is a concept for using the exiting telephone system to greater advantage - for more than just talking. The same phone lines used for voice communication would be made to do non-voice work as well: to transmit computer data, facsimile images, even limited motion video, and to provide computer-run network management features such as call-forwarding, automated billing, or access to databases.

The US market research company, Dataquest of San Jose, California estimates that in telecommunications equipment and services sold, the ISDN-related market will boom from $370m next year to a value of $6.2bn by 1991.

Not everyone agrees that the US is very far ahead in ISDN. In the UK, British Telecom already offers a pilot commercial ISDN product. It has 38 large-company customers using 90 ISDN lines, with orders for 80 more lines. Customers pay a £500 to £560 connection fee and over £500 in annual rental charges, depending on services used, according to Colin Ram, a marketing officer for BT's ISDN service, called Integrated Digital Access. In addition, the user pays regular line usage charges.

Temporarily, the British service is operating on a slightly different, lower-volume standard than similar services in trials elsewhere, because it began before world standards were set.

The French telecommunications company is also offering a new service, and in West Germany, the Bundespost is running field trials in Mannheim and Stuttgart.

At a forthcoming telecommunications exhibition in Geneva,

### Real demand so far has come from business users

Siemens, the West German electronics group, will have on show one of its flagship local exchanges (called a central office switch in the US) that is specially equipped with ISDN. In a demonstration, it will link the exhibition stands of a dozen companies through the public phone network.

However, White points out that in the US the American Telephone & Telegraph Co. will soon be offering ISDN on its long-distance network. "That will be the first commercial ISDN in a big way," he says.

Several factors are at work in America. There is demand from business users for the kinds of functions ISDN provides. The deregulated Bell telephone operating companies in the US see the new technology as a way to recoup profitable business lost to private service and equipment suppliers. And a US standards-setting body made a pre-emptive move last year to set a key standard for the network so that equipment made by different manufacturers would be compatible.

Through an industry committee accredited by the American National Standards Institute, the Americans "pushed through a de facto standard. It is spreading all over the world," says Curt Bergstrom, product marketing engineer for ISDN products at Intel Semiconductor, the Munich-based unit of the US chip maker Intel Corp.

A European standards body, the Comite Consultatif International pour Telegraphie et Telephonie (CCITT), had earlier set rules for the basic network, but had not done so for equipment connecting subscriber lines to local exchanges. "That was a real blocker," adds Bergstrom. "Now it looks like it will be a de facto standard set by industry."

Although the theory of ISDN is that it will exist in the public telephone network available, eventually, to everyone, the real demand so far has come only from business users willing to pay for it.

Many of them, from the Fortune 500 down to small companies, already have such services as facsimile and telex transmission, local-area networks linking computers and feature-rich internal telephone systems known as private branch exchanges (PBX). But this piecemeal, multi-network approach can be costly.

Because it uses the digital language of the computer for all traffic, whether voice, data, video or coding, ISDN promises a single "digital highway" that would carry all such communications. And it would run them across the phone network already in place around the world, with no need to lay additional wiring in offices.

"People want the ability to do simultaneous voice and data transmission to each desk and without disrupting the existing wiring," says White. "That's the beauty of ISDN. They can use the phone lines already there."

### A piecemeal multi-network approach can prove costly

A marketing manager on the phone to one of his field sales representatives, for instance, could call up sales chart data on his desktop computer and transmit it to the field man, even as the conversation took place. And the transmission would travel over the existing public network.

In addition to such new services, ISDN brings the power of the computer to communications traffic. This means that the information can be managed: stored for off-peak transmission, pushed to the front of the queue for priority, or jazzed up with features such as call forwarding, conferencing and billing.

Such special services and features command a tidy premium, and it is this market which is fueling the aggressiveness of the Bell companies; they want to be able to offer this lucrative functionality to their business customers.

Special call features have traditionally been available through a mechanism in the central office switch called Centrex. But with the advent of the PBX market, which brought highly-featured phone capability onto the business users' premises, the Bell companies began loosing business to outside equipment suppliers.

Now the Bell companies are requiring that switch suppliers provide the even more versatile ISDN capability within the Centrex framework. European switch makers wanting to get into the world's biggest telecommunications market have had to modify their products to comply.

"With Centrex with ISDN, we are able to offer more advantages and features - and city-wide and country-wide," not just on the site of the PBX-equipped office, says Frensch of Siemens, whose company also sells ISDN PBXs.

Frensch says he has several of his EWSD central office switches in ISDN field trials at locations of five of the seven regional Bell companies. "ISDN is a very interesting means for the Bell companies to compete. It is a way to fight back."

The US atmosphere was evident at an industry conference in Phoenix last March, recalls Bergstrom of Intel. "What impressed us all was the amount of ready-to-go ISDN equipment on display. You left feeling there was a critical mass, that so much money had been invested in ISDN there was no doubt it would happen."

## How the future of ice cream is being reshaped by Wall's

BY DINA MEDLAND

THE MAKING of ice cream has come a long way since the fourth century BC, when Alexander the Great is credited with dreaming up the first ice-lolly, during his campaigns in Asia Minor, by asking his slaves to fetch snow from the mountains to freeze a mixture of honey and fruit juice.

At Wall's new ice cream factory in Gloucester in the UK, the world's largest computer-driven mix plant is capable of producing 32,000 litres of ice cream per hour. Lollies have their place here as well, but concepts for new ice cream products are rather more sophisticated, requiring innovative and flexible technology.

Birds Eye Wall's has a "substantial investment" in the research and development(R&D) of new products, although the conception of new ice creams is partly limited by technology already in existence. The company is "unlikely to design from scratch a totally new manufacturing system for a product which could carry the penalty of being inflexible in the future," says general development manager Malcolm Tait.

Within existing economic constraints, however, Wall's operates a development team dedicated to the creation of new ice cream concepts, which are then turned into reality in a pilot plant at Gloucester.

Discussions with the trade early in the season (and before too much money has been spent) provide important feedback regarding consumer tastes and market segmentation for different products, while the marketing division is responsible for testing the products and selling them at a later stage.

Without innovative technology there would be few new ice cream products along the lines of Viennetta for example - a frozen ice cream dessert aimed at the take-home market and launched in 1982 with considerable success.

The Viennetta is based on a traditional patisserie product known as *Mille Feuilles*, made of layers of pastry and cream. Wall's replaced the pastry with ice cream and the cream with chocolate, but maintained the overall effect of lavish pastry design.

In 1980 a small team began work on the ideas behind Viennetta, and patented a recognisable new concept the following year. By 1982 extrusion nozzle technology had been added to the existing manufacturing process for ice cream "logs", moulding them into ornate and diverse designs.

The Viennetta manufacturing process is a flexible one, involving the undoing of a coupling connection and recoupling it to different extrusion units in order to change the product flavour or design.

This is a job that can take just half an hour, although cleaning the lines is a time-consuming process - the company spends 20 hours a day manufacturing ice cream, with four hours set aside for cleaning the manufacturing equipment. Vats mixing ice cream are cleaned steadily through the 24 hour period.

By the time potential buyers for new products are approached, Wall's is able to manufacture products that look like the original concept, but there is not necessarily a commitment to large-scale manufacture at this stage.

Viennetta was given additional patent protection based on a photograph of the product, but Malcolm Tait stresses that an unusual amount of time and effort was spent on that particular development.

Market research into different dimensions of product appeal is an important task for the development group, particularly since artificial colours were taken out of products at the beginning of last year.

"With totally natural colours it is harder to create 'eye appeal', and there is more pressure on expanding another dimension. Shape is obviously one such dimension to visual appeal that we like to explore," says Malcolm Tait.

In the children's market, for example, a Fat Frog product on a stick "was motivated by the concern to produce products with shapes that were more like the picture on the wrapper," says Wall's.

Rotating extrusion nozzle technology is used in the manufacture of the Twister, a strawberry and vanilla ice cream in a twisted spiral shape with a chocolate centre. In this process, separate pipes come out of the freezers - one for each flavour - and extrude, or force through under pressure, the ice cream in its spiral shape.

The same technology is used to manufacture the chocolate Romero, marketed as "the snack bar with a twist."

The development division also scrutinises competition outside the ice cream industry in its search for new ideas, and confectionery is a prime target. In an attempt to lure chocolate and toffee lovers, Wall's has developed a range of products such as choc bars, which use the same basic technology in their manufacture, but differ in flavour or presentation.

There are limits on how far Wall's can delve into new flavours for the same product, however, and this places more emphasis on the need for the development of an entirely new designs.

"We normally hope to manufacture one new product and generate sufficient volume in the marketplace to repay the origional investment. We are not too keen on blue, pink and yellow variations," says John Hazelwood, site general manager at Gloucester.



## Massey's answer to a more fruitful harvest

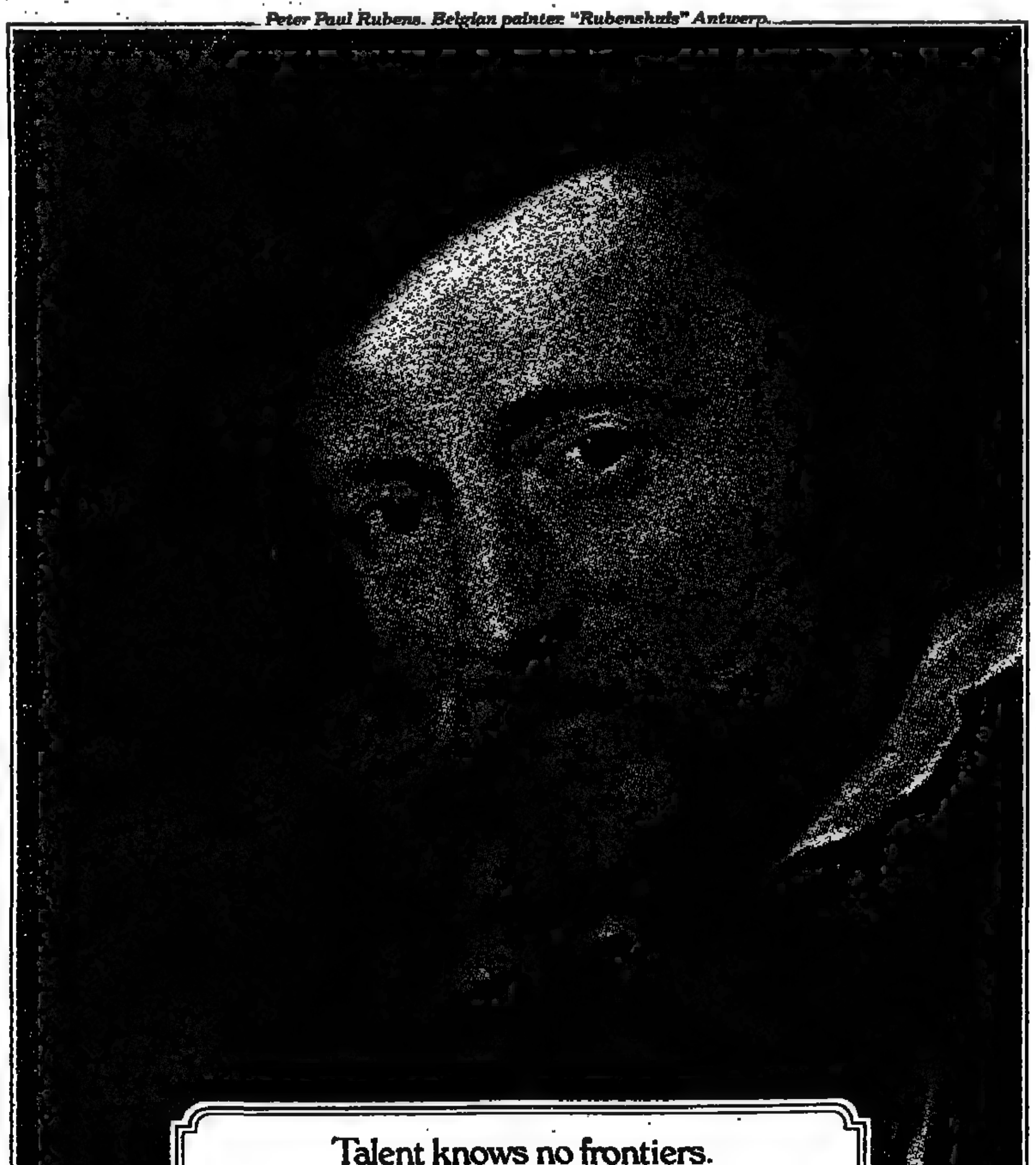
BY GEOFFREY CHARLISH

FOR FARMERS, Massey Ferguson has a device which can be fitted to its combine harvesters to minimise the grain losses that occur when the density of the crop in a field changes and the speed of the machine is not adjusted quickly enough by the operator.

The new system automatically adjusts the speed of the combine so that the amount of crop being fed into the threshing cylinder is always uniform and at the best level for maximum grain extraction.

The technique is to continuously measure the mechanical load on the cylinder and then use this information to control the speed. Thus, when the density increases, the combine will automatically slow down. Massey Ferguson claims that the system reacts much more quickly and accurately than is possible by manual methods.





# MFI buyout worth a total of £715m

MR MALCOLM HEALEY, owner and founder of Hygena, kitchen and bedroom units manufacturer is to leave the company following its acquisition by MFI, furniture retailer, as part of Britain's largest management buyout, writes Charles Batchelor and Mike Smith.

MFI is not revealing how much it is paying for Hygena but the consideration is thought to be more than £200m. Mr Healey, who is thought to be emigrating to the US, will be taking a stake of a little less than 10 per cent in MFI Furniture Group, the name of the new company.

Under the £715m buyout, details of which were announced yesterday following extensive leaks at the weekend, the sale of MFI will realise £505m for ASDA, the retailing group.

ASDA will use £52m to buy a quarter share in MFI Furniture and will use the rest for a stores redevelopment programme. It will have a director on the new company's board.

The MFI buyout has been conservatively financed with £190m of equity carrying £485m of secured lending from a consortium headed by Chemical Bank. An additional £30m-£35m of working capital will be provided by the same consortium.

MFI's interest burden in its early years will be eased by an agreement for £155m of the debt to be interest free for the first year and £50m to carry no interest for three years.

Chemical bank will receive a 5 per cent stake as payment for the provision of the interest-free loans. ASDA will pay £52m to retain a 25 per cent stake and a team of City institutions, comprising Charterhouse, CIN Industrial Investments, Citicorp Venture Capital, Globe Investment Trust and MJH Nightingale will hold the remaining 70 per cent. Any increase in the management stake will be clawed back from the other shareholders.

The buyout is unusual in the number of managers involved. A total of 350 are taking part, ranging from store managers putting up £200 to Mr Derek Hunt, chairman, who is buying £80,000 worth of shares.

The managers will start with a guaranteed 3 per cent stake rising to 10 per cent if they achieve their targets and up to 20 per cent or more if the targets are exceeded. This technique, known as a ratchet, ties the rewards of the flotation more closely to performance.

The managers' stake will depend on the valuation of MFI when it seeks a stock market listing in about three years time though Mr Hunt refused to say what the target capitalisation value was.

MFI, the largest out-of-town retail furniture store chain in the UK, made profits before tax of £43.5m on sales of £420.5m in the year to May 1987. Net tangible assets were £164m.

In the year to June 27, Hygena made £20.4m on £122m of sales.

Charles Batchelor and Mike Smith consider MFI's record buy-out

# Uphill struggle to improve in flat market

IT TOOK SOME explaining but the City was yesterday coming round to the view that the biggest management buyout inBritish history had more merit for ASDA, the principal seller, than was at first apparent.

The deal had immediately obvious attractions for the other two major players in the deal. Charterhouse, the merchant bank which arranged it, must move a few places in the management buyout reputation stakes as a result and MFI seems to have regained its independence at a reasonable price, as well as taking control of Hygena, its highly-profitable principal supplier.

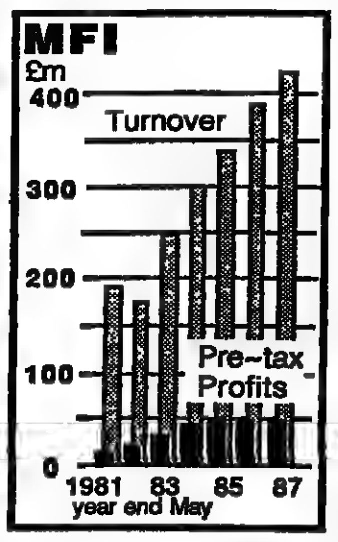
ASDA was clearly going to pay a price for the failure of its disastrous two-year marriage with MFI but many analysts were expecting the price to come at least within £50m of the £615m it paid for the furniture retailer in April 1985, not the £505m it received.

Mr John Hardman, ASDA managing director, said yesterday that the expectations had been unrealistic given flat conditions in the furniture market and MFI's dull performance. He was also pointing to the potential of ASDApicking up a quarter share in MFI Furniture, as the new group will be called.

ASDA believes that the £52m it is paying for the 25 per cent is a sound investment which could triple in value by the time MFI returns to the Stock Market in two to three years time. Together with the quarter share it will get of the new group's profits would more than compensate for the interest it is foregoing in getting a lower selling price than observers had expected, it argues.

The argument, of course, puts a lot of faith in MFI, the profits record of which in the past three years has failed to inspire and is a major reason why ASDA-MFI shares so poorly underperformed those of the group's rivals. What is so different now?

Derek Hunt, left, chairman and chief executive, MFI Furniture Group, and John O'Connell, managing director of MFI and joint managing director of Hygena




Mr Derek Hunt, MFI chairman,is quite frank in admitting the recent failures of the company. "We have to be truthful," he says. "The market place changed and we did not keep pace with it. We are now quite clear that the consumer demands more stylish and qualitative products and is prepared to pay for it."

According to Mr Steve Oldfield, analyst at Smith New Court, MFI has started to do what it should have done several years ago, emphasising the quality rather than the cheapness of its products in its advertising. The quality has improved, he says, but MFI has to get the message across.

And MFI is expanding into areas such as bathroom furniture, lighting and carpets with the aim of providing a complete home furnishing service. It already claims 40 per cent of the bedroom furniture market and more than 20 per cent of kitchen furniture but believes these can be improved. MFI will also benefit from a heavy stores expansion programme which aims to add 500,000 sq ft per annum to sales space.

The purchase of Hygena, which makes kitchen and bedroom units, will cause some concern in the City about the basic differences in retailing and manufacturing cultures. Most analysts yesterday, were, however stressing the positive sides of the deal.

Hygena has an excellent record. Founded eleven years ago in 1976 by Mr Malcolm Healey, who is now leaving, the company made pre-tax profits of £20.4m on sales of £122m last year, making it one of the most cost effective furniture manufacturers in the country, and in June had net tangible assets of £35.7m.

MFI Furniture still faces an uphill struggle if it is to achieve its ambitious aims. The furniture market remains flat, as it freely admits. Harris Queensway and Magnet have experienced problems in recent months and they will be fighting tooth and nail for market share.

In spite of reservations about yesterday's deal, the market generally breathed a sigh of relief that MFI was finally on its way and shares in ASDA rose 1p to 208p.

Following the disposal ASDA will have cash of about £330m and it stands to net another £115m to £120m with the imminent sale of Allied Carpets. Total year-end cash should be about £250m.

Now free to concentrate on its core businesses, ASDA plans to use the funds in its £1bn investment programme over the next three years. This will see the opening of another 34 superstores and a further increase in choice available to customers

The company says that the effect of the MFI deal on pre-tax profits this year will be broadly neutral and in future years it would probably be positive. Some analysts were, however, downgrading their forecasts for next year with forecasts being about £245m.

The MFI buy-out is four times larger than the previous record deal, the £173m purchase of Lawson Mardon, the packaging arm of BAT Industries. in 1985. It reflects the increasing sophistication and the growing funds available in the UK buy-out market. Management buy-outs have been growing in popularity in recent deals as managers have become aware of the possibility of owning as well as running the businesses for which they work. Innovative financing techniques and a greater willingness on the part of the banks to finance such deals helped push buy-out activity to new highs in the first nine months of 1987. Before the MFI buy-out, 125 deals worth £1.36bn had been completed in the first nine months of this year compared with 261 worth £1.2bn in the whole of 1986.

This buy-out confirms Charterhouse's position as a leading deal-maker in the field. It was Charterhouse which masterminded the £310m purchase of the British chain of Woolworth stores from their American parent company by an outside management team in 1982.

# Owners Abroad holding sold

Mr John Ferriday and Mr Richard Smith, two Midlands-based businessmen, have sold their combined 5.6 per cent holding in Owners Abroad, the tour operator and airline seat broker.

The two men announced in early that they had acquired the stake in a personal capacity and would be contacting Mr Howard Klein, chairman of Owners, with a view to talks. The two are directors of Eagle Trust, the group formed out of a three-way merger of Audiotronic Holdings, Midland City Partnership and Mitchell Somers.

## NY funds raise Lonrho stake

A group of New York mutual funds has increased its holding in Lonrho by 3m shares to a total of 26.73m, equal to 7.17 per cent of the ordinary capital.

Mutual shares holds 17.96m shares, Mutual Qualified Income Fund 8.65m, Mutual Beacon 597,000 and the Heine Family Fund 121,000 shares. The latest purchases took place between September 25 and 29.

## Equiticorp

The 115p a share bid by Equiticorp, the New Zealand financial service group, for Guinness Peat Group became unconditional last Saturday. Under the terms of the Takeover Code, it will therefore remain open until October 17.

Equiticorp received acceptances representing 7.9 per cent of Guinness Peat's equity taking its stake to 58.6 per cent.

## Freshbake

Freshbake Foods Group is paying £4m in cash and shares for Speciality Seafoods, which imports and exports prawns, scampi, squid and a variety of other seafood products. It made pre-tax profits of £280,000 in the year to the end of September on £6.2m turnover. Net assets were £803,000.

NORMANS GROUP has agreed to buy the retail division of Waldens Wiltshire Foods for £1.42m.

# Sotheby's Holdings to proceed with £400m share offer

BY CLAY HARRIS

Sotheby's Holdings is to proceed with a share offering this autumn which will give the US parent of the London-based auction group a market capitalisation of up to £400m. This compares with the £83m which investors - led by Mr Alfred Taubman - paid in 1983 to take Sotheby's private.

Sotheby's yesterday announced its plans to make an initial public offering of 7,208,000 shares, about 29 per cent of its share capital. The shares to be sold will come from existing investors, including Mr Taubman, and no new money will be raised for Sotheby's.

The company is seeking a quotation on the New York Stock Exchange and a full listing in London. Trading is intended to begin in both places on the same day, most likely next month.

The 1.5m shares which have been earmarked for the UK will not be allocated through an offer for sale. They will be placed by Salomon Brothers International and Lazard Brothers through Cazenove.

The same three will lead an offering of 1.2m shares to international investors, and Salomon will lead the US offer of more than 4.5m shares, the largest block.

In a filing with the US Securities and Exchange Commission, Sotheby's estimated the offer price at between $23 and $26 a share. At the top of the range, the group would have a market value of more than $646m (nearly £400m).

Mr Taubman will be among the sellers of shares, reducing his stake from 60 per cent. He will, however, retain at least a majority. He led a "white knight" rescue of Sotheby's, which was under siege from two other US investors, Mr Stephen Swid and Mr Marshal Cogan.

Sotheby's last month reported turnover of £837m for the 1986-87 auction season, a 77 per cent advance on sales in the previous year. It is the largest art auctioneer in the world and has expanded into art-related finance and luxury real estate brokerage.

# John Michael deal will result in cash injection

By Richard Tomkins

John Michael Design, the USM-quoted retail design consultancy which suffered a sharp fall in profits in the year to last March, has agreed a deal with a consortium led by Hillsdown Investment Trust which will result in a £1.4m cash injection for the company.

John Michael's shares closed 22p up at 117p.

HIT, a subsidiary of Hillsdown, the foods to furniture group, is to subscribe with the rest of the consortium for 2m new ordinary shares in John Michael at 70p a share. Two John Michael directors, Mr David Callcott (chairman) and Mr Terry Moore, have also agreed to grant options to HIT over 2m of their own shares in John Michael at the same price.

If the proposals were implemented in full, the consortium would hold more than 39 per cent of John Michael's shares. The deal is therefore subject to the approval of the Takeover Panel as well as John Michael's shareholders.

The deal replaces one proposed last week with Capital Investment Services, a company which John Michael said was related to the USM-quoted UTC Group, a financial services company. This would have produced a large CIS shareholding in return for a cash injection, but it has now been dropped.

TYNDALL HOLDINGS: its recently acquired Australian financial services subsidiary, Clayton Robard, announced pre-tax profits of £21.4m, up 75 per cent on 1986, with earnings per share up 40 per cent to 14.08p. The figures were in line with the September forecast.

VIRGIN GROUP has established a sponsored American Depository Receipt programme through First Boston and Bear, Stearns. No new shares are being issued in connection with the launch of the programme.

# UK COMPANY NEWS

## Bibby selling part of US packaging operation

BY LISA WOOD

J.Bibby, the agricultural and industrial conglomerate, plans to sell Flexible Packaging, a division of Princeton Packaging in the US, to James River, the Virginia-based paper packaging group, for \$130m cash (£80m).

The Flexible Packaging operation, with annual sales of about \$150m is a major manufacturer, printer and converter of polyethlyene packaging products for food, sanitary and industrial packaging. James River is a major competitor.

For the year ended September 27 1986 the Flexible Packaging operation made a trading surplus of \$11.2m and pre-tax profits of \$8.7m on net average assets of \$65.4m.

However, as announced in May, intense competition in polyethlyene for the bakery market resulted in poor profits from Flexible Packaging in the six months to March 1987. The US contribution fell from £3.5m to £921,000 mainly because of this.

J. Bibby said that packaging still remained a core activity and part of Bibby's future strategy. Princeton's remaining operation, Retail Packaging, which markets retail paper bags and plastic supermarket sacks, is not included in the transaction. Bibby said the business had improved its performance this year.

Mr Bas Kardol, chairman of Bibby, said he had decided to sell Flexible Packaging because of the over-capacity in the polyethlyene packaging industry. The offer, by James River, was one Bibby said it could not refuse.The proposed sale should realise an extraordinry gain of some \$30m after tax and expenses.

Princeton packaging was acquired by J. Bibby in April 1985 for \$24.75m, at a discount of \$8.5m to net assets, with some \$32m of assumed debt. James River is a leading US producer of food packaging materials including cartons and flexible packaging materials. It said it planned to continue all current operations in Flexible Packaging's five plants and to fully capitalise on the business's growth opportunities.

Letters of intent have been signed on the deal. It is expected to be completed before the end of the year, subject to any necessary regulatory consents in the US.

Last month Bibby acquired Nitrovit, animal feeds businesses from Hillsdown Holdings. Bibby said yesterday it believed there were further attractive acquisition opportunities and it intended to use the proceeds of the US sale for this purpose and to reduce borrowings.

## Clowes and Cramer take over J England

BY RICHARD TOMKINS

SHARES in the shell company J. England shot up from 139p to 180p at the close yesterday after it was learned that Mr Peter Clowes and Mr Guy Cramer had acquired 29.9 per cent of the shares and taken control of the board.

Mr Clowes and Mr Cramer are the investment duo who last week narrowly won control of Buckley's Brewery, the South Wales brewer, with a £29.2m cash offer. Last year they also stepped into the shell company James Ferguson and turned it into a financial services group.

Their £2.2m private investment in J. England at 125p a share represents the second time in just over a year that an attempt has been made to transform what was previously a food manufacturer and distributor. In September 1986 Mr Paul Kempin and Mr John Irvine took control of the company and laid down plans to open a fashion store.

Mr Kempin and Mr Irvine, the only members of the board, have now been replaced by Mr Clowes and Mr Cramer. Mr Clowes said yesterday that they had acquired their stake as a private investment which was not related to their other business activities.

Mr Clowes said J. England's assets comprised some property interests in Nottingham, a crisp factory in Bristol and a quiche factory in Wrexham, North Wales.

## IBC/Barham

International Business Communications (Holdings) £98m offer for Barham has gone unconditional, having received acceptances from holders of over 50 per cent of the equity.

## Laura Ashley in £2.8m purchases

BY CLAY HARRIS

REAL men wear Laura Ashley. Clark Gable and John Wayne did not live to see the day, but Willis & Geiger, the US safari outfitter which counts them among its former customers, was bought last night by Laura Ashley Holdings, the British clothing group more associated with the English country house than the call of the wild.

The \$3m (£1.8m) acquisition from VF Corporation, the US textile group which makes Lee and Wrangler jeans, was the second announced yesterday by Laura Ashley. It also added floral scents to its floral prints with the £1m purchase Penhaligon's, the London perfumier.

Both deals reflect Laura Ashley's intention to develop upmarket brand names which have failed to reach their full potential. "Both are very small, very special and very traditional, but haven't been exploited on a worldwide scale," said Mr Peter Revers, president of the company's US operation.

Both at present are also only breaking even at best on annual sales of \$3m at Willis & Geiger and £1.5m at Penhaligon's. Laura Ashley believes they will benefit from its international retailing and distribution skills.

Although the group intends to introduce new products into both companies, it is determined not to dilute the brands' aura of exclusivity. Choosing an apt metaphor for 117-year-old Penhaligon's, Mr John James, chief executive, said: "We want to spread it very thinly but very widely."

Penhaligon's, sold by private investors, has five London shops. It mixes its own scents, which include Victorian Posy and Bluebell for women and Hammam Bouquet for men, at a factory in King's Cross, London.

Willis & Geiger was founded in 1902 by a British explorer, Benn Willis, who needed protective clothing for an expedition to sub-arctic Canada. Its full-length flight coats were worn by Charles Lindbergh on his successful Atlantic crossing and by aviatrix Amelia Earhart on her less happy effort to circumnavigate the globe. Sir Edmund Hillary wore its clothes on Everest.

Although the company (motto: "where legend lives") made its name through specially designed apparel for explorers, aviators, scientists and military commanders, fashion rather than technical innovation has been the main selling point in recent years.

Most of its sales are made through other retailers, such as Abercrombie & Fitch, although Laura Ashley has separately bought for \$750,000 all but one of Willis & Geiger's six recently launched franchise stores in the south-east US.

VF bought Willis & Geiger two years ago. Laura Ashley had considering the purchase itself but backed off because of its imminent London flotation and because the US company made no women's clothing at that time. The latest sale is one of several disposals by VF in the wake of its \$775m acquisition of Blue Bell, the Wrangler group.

## Lloyds Chemists up 73%-in double buy

BY FIONA THOMPSON

Lloyds Chemists, the Midlands-based retail chemist group, yesterday announced a 73 per cent increase in year end profits and two acquisitions which will make it the UK's second largest retail chemists chain after Boots.

Reporting its first full year results since coming to the market in November 1986, Lloyds showed pre-tax profits up from £1.12m to £1.93m for the 12 months to June 30 1987. Sales increased by 47 per cent to £30.5m against £20.7m.

"Pre-tax profit has trebled in the past two years," said Mr Allen Lloyd, chairman and managing director. The acquisitions would further strengthen Lloyds' trading position in the Midlands and South Wales, taking its total number of stores from 177 to 300. Of these, 218 will be chemist shops and 82 drugstores, which do not dispense prescriptions.

The acquisitions are F A Billington, which operates a chain of 37 chemist shops and 76 drugstores mainly in the Midlands and South Wales, and Scotts Chemists, with nine chemist shops and one drugstore in the Birmingham area.

Lloyds is to pay £16.78m for Billington through the issue of 8.55m new ordinary shares, and £1.5m for Scotts by the allotment of 772,895 new ordinary shares.

Just under half the new shares, 4.18m, are being conditionally placed by Panmure Gordon, brokers to Lloyds, with institutional and other investors at 185p a share. Existing Billington and Scotts shareholders will be invited, pro rata to their holdings, to acquire these shares at the same price.

To raise an additional £7.51m for refurbishing the acquired stores and to eliminate borrowings, Lloyds proposes, on the basis that both acquisitions are completed, to issue a further 4.43m new ordinary shares, to existing Lloyds shareholders, at 185p each on a 1.57-for-4 basis. If just Billington was completed, 4.10m shares would be issued, if only Scotts, the new shares would total 2.81m.

In the year to March 28 1987, Billington incurred a pre-tax loss of £265,000 compared with a profit of £577,000 the previous year, partly due to continuing losses at Rayglow, which operates 68 drug stores and was acquired by Billington in 1985. Scotts' 1986 turnover was £1.89m and profit before tax was £42,000.

Lloyds declared a maiden dividend of 0.85p. Had the company been listed for the full year, a net dividend of 1.28p per share would have been paid. The tax charge was £665,000, compared with £481,000 last time. Earnings per share increased by 73.8 per cent to 7.35p

### • comment

Allen Lloyd bristles with confidence and well he might. His company, founded just 14 years ago, is growing both quickly and confidently, prompting the City to forecast pre-tax profits for this year of between £4m and £5m. Apart from yesterday's acquisitions of Billington and Scotts - with current sales per week of £650,000 and £50,000 respectively - this year will see the full benefit of purchases made at the tail end of last. Of the 58 stores added last year, 60 per cent were opened during the last 12 weeks of the financial year. Last week's change in the law, limiting the opening of new chemist shops to those deemed necessary and desirable, does not worry the company as more than 75 per cent of its chemists have been acquired, a policy it means to stick with. Leaving aside Boots' 1020 shops, there are more than 10,500 chemist stores in the UK, so the scope is huge. The shares closed 5p up yesterday at 210p. The p/e is 22, justified given Lloyds' growth record and the potential in the sector.

## Microlease to quit USM

BY DAVID WALLER

Microlease, the company which specialises in leasing electronic equipment to predominantly the oil and defence sectors, yesterday confirmed that it intends to step down from the Unlisted Securities Market and become a private company by way of a management buyout.

This unusual step follows Mr Harry Goodman's £200m buyout of the International Leisure Group earlier this year and was first mooted by Microlease at the end of August, when the company announced the possibility of a buyout at 150p a share, valuing it at £5.1m.

Mr Paul Rennie, Microlease's joint managing director, said that the company could see no advantages in maintaining a Stock Exchange listing. Taking it private would preserve its interests in the long term, and protect it from the vulnerability associated with short term share price depression.

This had arisen, Mr Rennie said, because of difficult conditions in the company's principal markets. It had proved impossible for Microlease to sustain the rate of profits growth that investors had come to expect after it first joined the USM in 1983 - when trading conditions were relatively buoyant.

Furthermore, profits had recently been depressed by the cost of establishing a business in Eire - and would be more so as the company fulfills its plans to expand in Europe.

In the year to February 28, profits at Microlease fell from £582,000 to £485,000. Interim figures published yesterday show that pre-tax profits for the half year to the end of August had fallen from £330,000 to £264,000, on turnover up by £0.4m to £2.4m.

Microlease shareholders will be offered either 150p cash, or preference shares in Newmir, a new company set up by the Rennie family for the purpose of the buyout. Family interests account for 45 per cent of Microlease's share capital and will be accepting the paper alternative.

## Low oil price hits Jas Finlay

CONTINUED slump in the oil services business in the North Sea, low oil and gas prices, and the poor world price of tea continued to hit the James Finlay group of traders and financiers, and for the first half of 1987 it moved into loss.

However, the liquidity strength built up in the good years enables the directors to declare an unchanged interim dividend of 2p.

Turnover fell from £94.20m to £72.4m and the trading profit, excluding plantation interests in Bangladesh, came to only £8,000, compared with £3.45m.

With the associates increasing their share of loss to £123,000 (£37,000), the group turned in a pre-tax loss of £115,000, compared with a profit of £3.41m.

The directors said the overall trading results for the year would depend to a large extent on tea and oil prices, and also North Sea charter rates during the rest of the period.

Oil and energy related interests produced a heavier loss of £4.02m (£3.27m), split as to oil and gas £1.03m (£1.19m) and servicing £2.99m (£2.08m), while profit contributions from other activities totalled £3.49m, a drop of £3.11m.

Banking services, finance and international confirming accounted for £679,000 (£720,000), confectionery and beverage manufacturing £865,000 (£925,000), trading manufacturing and merchanting £1.17m (£2.24m), and plantations, excluding Bangladesh, £771,000 (£2.7m). This year there was a net gain on disposal of investments £421,000.

The year's results would reflect the company's share of the profit in excess of £1m arising from the acquisition by Midstates Oil and the sale of 50 per cent of the gas processing operation.

After tax £823,000 (£2.65m) and minority losses £1.61m (£1.17m), earnings per share came to 0.7p (2.1p). There was an extraordinary credit on disposal of the interest in Wardell Roberts of £2m (£2.12m).

### • comment

Just when you think that James Finlay has produced its worst possible figures, it pulls another disastrous set out of the hat. Every single division either lost money, or showed reduced profits - although in the case of confectionery, at least, the shortfall was caused by a disposal. In the circumstances, the share price has performed miraculously - at 107p, down only 5p yesterday, it is still above the level at which it was trading when last year's finals were announced. Then some analysts were looking for full year profits of over £10m - now £4m might be an optimistic target and there will be an extraordinary write-off when Lock is sold. Still, shareholders have the yield to comfort them, and the hope of a takeover. Longer term, the tea and oil cycles might just coincide on the upturn, as they have on the downturn - after all the company made £38m pre-tax as recently as 1984.

## Debfor jumps 62% to £1.4m

BY ALICE RAWSTHORN

Debfor Holdings, manufacturer of lingerie and nightwear, yesterday announced a 62 per cent increase in pre-tax profits to £1.4m for the six months to June 30, on turnover which more than doubled to £10.4m.

In the past year Debfor has expanded into nightwear with the acquisition of Halle Models, and into lace by buying the Birkin Group. Mr David Parker, chairman, said yesterday the group intended to make further acquisitions within related areas of clothing and textiles. Debfor was in discussions with several companies and hoped to make an announcement before the end of the year.

Although Halle sported sales of around £5m in the interim period, it made a negligible contribution to profit. Debfor has spent the nine months since the acquisition rationalising the business.

Halle has now withdrawn from leisurewear production and has centralised its administration. Mr Parker said it was expected to make a "significant contribution" to group profits this year.

Birkin, which was taken over since the end of the interim period, was also trading healthily. Debfor intendeds to continue its investment in new technology to improve the productivity of its lace making process.

The bulk of Debfor's own profits growth came from sales of co-ordinated lingerie ranges. Since the beginning of the year it had won new accounts with the Next retail group and with Great Universal Stores' mail order interests.

In the first half, operating profits rose to £1.6m (£889,000). Interest payable increased to £192,000 (£51,000) - the group's gearing now stands at 75 per cent - and Debfor paid £447,000 (£285,000) in taxation. Earnings per share rose to 10p (7p) and the board proposes to pay an interim dividend of 1.5p (0.6p).

Mr Parker said that the board "looks forward with confidence and enthusiasm to a strong second half".

## COMPANY NEWS IN BRIEF

GKN has agreed to sell the clutch business of its subsidiary Laycock Engineering to LuK Lamellen und Kupplungsbau of Buhl, West Germany, for about £2.5m.

BANRHO INDUSTRIES is to buy Peter Gleave Distributors, a Hertfordshire-based motor cycle accessory and component wholesaler for an initial £950,000 in shares, with further payments possible up to a maximum of £2.25m.

TR AUSTRALIA Investment Trust: Lloyds Bank SF nominees have purchased a further 500,000 and now hold 2m shares (6.78 per cent), while the Merchant Navy Officers Pension Fund have increased their interest to 1.655m ordinary (5.61 per cent).

BOWATER INDUSTRIES: the rights issue was taken up in respect of 92.7 per cent of the shares on offer and the balance was sold in the market at a premium.

BRITANNIA SECURITY Group: the offer to shareholders was taken up in respect of 85.5 per cent of the shares and the balance will be returned to investors with which they were conditionally placed.

MIL RESEARCH has agreed to acquire Market Research Enterprises for £900,000 in cash and shares.

## Frank Gates higher

Frank G Gates, main Ford dealer, has twice been the subject of a bid from Giltrap, the last lapsing in February this year leaving Giltrap with 31.9 per cent of Gates' capital. Because of bid speculation the share price will always have a floor under it but yesterday's 5p improvement to 209p recognised the company's performance in the six months to June 30 1987. Pre-tax profits have jumped from £601,000 to £997,000 on turnover up from £25.93m to £33m. After tax of £349,000 (£220,000) earnings per 25p share were 6.2p (3.6p). The company makes no interim dividend payment.

Mr Edward Gates, chairman, said all departments have performed satisfactorily. New vehicle sales and contract hire advanced by 98 per cent and 92 per cent respectively. Used vehicle sales maintained the recent higher plateau and gained a further 15 per cent.

For the first time since 1979 the company is making a real net profit on the assets employed on new vehicles, Mr Gates said. Changes in manufacturers' policies are largely responsible for getting the trade out of an excessively competitive rut which could not have continued indefinitely.

Mr Gates concluded if current trends continue, the company surely must have a record year.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres-ponding div | Total for year | Total last year |
|---|---|---|---|---|---|
| Bilton (Percy) ........int | 4.9 | - | 4.2 | - | 12.94 |
| Brit Dredging ........int | 2 | Dec 14 | 1 | - | 4 |
| Debfor Hldgs.§ ......int | 1 | Nov 27 | 0.6 | - | 3.3 |
| Finlay (James) .......int | 2 | Jan 5 | 2 | - | 4.15 |
| Fortnum & Mason .int | 5.5 | Dec 30 | 5 | - | 41 |
| Halstead (James) ...fin | 4 | Dec 4 | 3 | 6.5 | 5 |
| Hewden Stuart ......int | 0.73 | Dec 10 | 0.63 | - | 1.9 |
| Laidlaw Thomson§ int | 1.54 | Nov 11 | 1.4 | - | 4.2 |
| Lamont Hldgs. .......int | 2 | Dec 1 | 1.5 | - | 5.5 |
| Lloyds Chemists ...fin | 0.85† | - | - | 0.85† | - |
| Nth Brit Canada ....int | 2.5 | Nov 9 | 2.15 | - | 7.45 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §Unquoted stock. ØThird market.

# UK COMPANY NEWS

## James Halstead rises 26% to near £5m

**James Halstead Group** saw its turnover rise from £37.72m to £41.94m and pre-tax profit from £3.93m to £4.79m in the year ended June 30 1987.

They represented pecentage increases of 11 and 26.5 respectively. The year experienced "great success in the flooring division and "welcome progress" in leisure products.

Earnings moved ahead from 17.3p to 22.35p per share. The final dividend is 4p to raise the total from 5p to 6.5p.

Halstead makes PVC floor coverings, carpets in broadloom and tile form, weatherproof and leisure clothing accessories, and tents, folding campers and trailer products.

The directors said they were committed to continuing investment in improved production and quality enhancement technology, and the outlook "had never been better".

Despite increased capital investment in the year, the group's liquidity remained strong. Net interest receivable surged to £132,000 (£80,000).

Floorcoverings achieved turnover of £27.5m and lifted trading profit 22 per cent to £4.4m. Market share continued to increase in the face of competition from the UK and overseas. Volume gains were made in the contract, retail and export areas.

Further progress was made in lifting the performance of the leisure products side, with sales up to £14.3m (£13m) and trading profit by 20 per cent to £998,000. The aim in the current year was to continue building on this result, and a further improvement was expected.

**•comment**

Leisure products such as Britton countrywear for green wellie wearers add interest to James Halstead's business activities, but this should not distract attention from the fact that 82 per cent of pre-tax profits come from the floor coverings division, which seems destined to remain far the most important contributor to overall results. Higher volumes on the existing production base enabled the division to maintain margins in spite of higher raw material prices, and the group plans capital spending of £2.5m to £3m over the next two years to expand its product range and extend its markets at home and overseas. If Halstead is to bring in the targeted increase in earnings of at least 15 per cent this year, this suggests another strong rise to around £5.7m pretax. Unfortunately, however, the City continues to perceive the company as not only worthy, but dull: with no particularly exciting developments on the horizon, no acquisitions planned, and 40 per cent of the shares in friendly hands, it sees little reason to take the prospective price/earnings ratio beyond the perennially lowly 11 at yesterday's 285p.

## Investment lifts Hewden Stuart

**Hewden Stuart**, Glasgow-based plant-hire group, reported interim pre-tax profits up by 71 per cent from £4.76m to £8.13m. Directors said the improvement was the result of the heavy investment in recent years and stronger markets.

Turnover for the six months to August 2 1987 increased by 24 per cent to £77.29m (£62.39m). Earnings per 10p share came out at 5.64p (3.51p) or 4.93p (3.03p) fully diluted and the interim dividend is being raised from 0.625p to 0.725p.

In the present six months activity continued at a high level, directors said, and they expected the results would show a further rise. However seasonal factors would have an effect and the rate of increase was not expected to match the first half.

Directors added that most sectors contributed to the advance though there was less buoyancy in Scotland and the north of England. Price competition remained severe even where demand was strong.

Cash flow again increased and was sufficient to finance £14m of capital spending and pay £8m for Seymour Plant with only a small seasonal rise in borrowings.

Trading profit was £17.93m (£12.6m) and the pre-tax figure was struck after depreciation of £8.05m (£6.15m) and interest payable of £1.75m (£1.69m). The tax charge was £2.4m (£1.3m), minorities took £69,000 (£145,000) and the dividend absorbed £728,000 (£613,000) to leave retained profit at £4.94m against £2.7m.

## Shandwick expands US side

BY DAVID WALLER

**Shandwick**, one of the world's largest independent public relations companies, is continuing its expansion in the US with the $7.27m (£4.5m) acquisition of **Miller Communications**, a Boston-based PR consultancy servicing the high technology sector.

This is Shandwick's seventh and largest purchase in the US since it made its first move there last December. Founded in 1977 by the eponymous John Miller - the company's current chairman and chief executive - turnover and profits have grown rapidly over the last five years.

Profits have, however, been restrained in recent years by the costs of expanding into West Coast markets with the opening of two new offices in California. In the year to end-October last, pre-tax profits were $883,000 on turnover of $4.2m - less than the profit of $939,000 achieved in 1983-84.

Shandwick expects synergies between Miller and two other subsidiaries which specialise in the high technology sector.

The cash consideration was raised by the placing of new Shandwick shares at 785p each, arrived at by tender and 5p up on the company's opening price. The new shares represent 6.2 per cent of Shandwick's enlarged capital.

## CU takes a majority in Fleet

BY ERIC SHORT

LEADING composite insurance group, **Commercial Union Assurance**, is expanding its UK leasing investment activities by taking a majority stake in **Fleet Motor Management Group**, based in St Neots, Cambridgeshire.

The total consideration will be based on FMM's pre-tax profits over the period to July 1989. However, an initial payment of £2m will be made, partly satisfied by the issue of 53,030 shares of CU.

FMM was formed in 1981 by Roger Macey and David Ford and provides vehicle management services to the corporate and public sectors, contract hire support services to other financial institutions and computer and consultancy services to car fleet and contract hire operations.

The company, in terms of the number of cars being managed, is in the top six companies in the car fleet mamagement field.

CU has undertaken to make financial resources available for FMM's next stage of development, including the provision of car financing facilities and its ultimate goal, expansion into Europe.

Roger Macey and David Ford will continue as chairman and managing director respectively, and no changes are planned in the day-to-day management of the company.

---

**SHARES** in **First Security Group** and **Hawtal Whiting Holdings** were suspended yesterday pending an announcement. Last month the two companies announced their intention to merge

---

**GRAND Metropolitan** offshoot, Express Foods Group, is paying £12m for Fleur de Lys Patisseries, Nottingham-based manufacturer of frozen gateaux and pastries, which supplies branded and private label products to UK retail customers.

## SE cancels Quest share deals after order hoax

BY PHILIP COGGAN

**THE Stock Exchange has cancelled all deals in the shares of Quest Group made between the bogus announcement of a £40m order at 10.20 on Friday and the suspension of the shares at 11.15.**

The market supervision and surveillance department will be conducting an investigation into the bargains transacted during the 55-minute period. Dealings in the shares will resume today.

The Stock Exchange is also examining whether its procedures need to be altered in the wake of the affair. The announcement referred to the company by an incorrect name, said it had won an order in conveyor belts when Quest's business is computers and added a nonsensical last paragraph which claimed that a £40m order had somehow increased the net asset value by 40 per cent.

It eventually transpired that the announcement had not been sent by the company but via a British Telecom public telex office in Victoria.

It remains a mystery why the person who sent the message made so many mistakes, and yet knew that a lot of Quest's business comes from Russia and that it has an employee with the name "Keith Morris", in whose name the telex was signed. The real Mr Morris was sitting innocently in Quest's Hampshire headquarters when the telex was sent.

## Cowie sells stake in Lookers

BY CLAY HARRIS

**T Cowie, the Sunderland-based motor group, yesterday took a £1.73m profit by selling its 14.96 per cent stake in Lookers, having decided that the Manchester-based Austin Rover and GM dealer looks immune from imminent bids thanks to a large friendly shareholder.**

The shares were sold at 384p to Barclays de Zoete Wedd, Cowie's stockbroker, against an unchanged market price of 398p. Lookers believes the shares are being placed widely.

Woodchester Investments, Irish-based leasing subsidiary of British & Commonwealth Holdings, owns nearly 30 per cent of Lookers and has promised not to bid for two years. "I couldn't see any room for manoeuvre," said Mr Tom Cowie, chairman.

Cowie, which has profitably traded in and out of provincial competitors' shares, now has only one disclosable stake - nearly 10 per cent of Luton-based Trimoco.

Proceeds of the Lookers disposal will be used for further development. Cowie indicated that 1987 pre-tax profits, forecast at £14m when a rights issue was launched last month, was now likely to reach £16m as a result of the gain.

## AC Holdings makes £10m cash call

**A.C.Holdings** is raising £9.95m to fund expansion in the financial services sector by a deeply-discounted rights issue. It is planning to issue up to 2m shares at £5, against yesterday's opening price of £11.05, on a one-for-one basis.

Following the sale of its interest in A.C. Cars last week to Ford, directors said that they proposed to concentrate on the financial services sector, making acquisitions and providing its Douglas le Mar offshoot with further working capital to expand its institutional business.

The company also announced pre-tax profits for the year to end-June of £1.05m, against a loss for the previous nine months of £71,000. During the past 18 months the company was taken over and bought two stockbroking businesses. The group is also now involved in fund management through its 85 per cent-owned offshoot A.C. Stronghold.

Turnover was £13.48m (£115,000) for operating profit of £1.04m (£188,000 loss). The pre-tax figure was struck after increased finance charges of £86,000 (£236) and included investment income of £52,000 (£12,000).

After tax of £433,000 (£18,000 credit) and minorities this time of £2,140, earnings per 5p share came out at 30.5p (2.63p loss). There was an extraordinary credit of £782,000, being the net surplus on the valuation of the investment in A.C. Cars.

Directors said that it was too early to make an assessment for the present year but business was benefitting from the high volume of trading on the Stock Exchange.

## Asda Property profit rises 73% to£1.4m

**Asda Property Holdings**, subject earlier this year to a takeover bid before talks were broken off, increased pre-tax profits by 73 per cent from £810,000 to £1.4m on turnover up from £6.87m to £10.09m for the six months to June 30 1987.

This rise almost matches the 74 per cent improvement in pre-tax profit to £1.92m for last year.

Turnover included gross income on sales of trading properties amounting to £6.99m (£4.84m) and gross rental income up 48 per cent from £1.58m to £2.34m. Earnings per 20p share rose from 5p to 8.1p. The directors said they intended to recommend an increased dividend for the full year.

Mr Manny Davidson, chairman, said that the level of investment development and trading activity within the group continued to increase with property acquisitions since the beginning of the year totalling £25m. He was confident that the company will be able to report excellent results and substantial capital growth in assets for the full year.

Mr Davidson said that the company's residential portfolio had increased substantially and now exceeded 2,000 tenanted units.

A proposal to capitalise part of the company's reserves by the issue of four new ordinary for every share will be put to an extraordinary general meeting.

Interest paid rose to £2.65m (£1.67m), tax amounted to £490,000 (£294,000) and minorities £3,000 (£2,000). There was an extraordinary profit, less tax, of £272,000 (£18,000) with the same amount transferred to capital reserves, leaving attributable profit of £906,000 (£514,000).

## TSB estate agency move

BY HUGO DIXON

**TSB England & Wales**, the main retail bank in the TSB Group, is planning to build a network of estate agents offices.

As part of this plan, it has bought Morris Dibben, a Hampshire estate agents, and Wilson Smith Howkins, an East Midlands estate agents, for undisclosed sums. The estate agents each have seven offices.

TSB Scotland already has a small estate agency network and TSB England & Wales has started offering estate agency services in three of its bank branches. However, earlier this year TSB Group was thwarted in its attempt to acquire Hogg Robinson, the financial services group, one of whose main attractions was a large estate agency network.

TSB refused to put a figure on the number of estate agency offices it would like. But it seems probable it is aiming for a network of a hundred or more, partly through acquisition and partly by setting up in-branch offices.

## Brierley stake in Beatson

BY DAVID WALLER

**MR RON BRIERLEY**, the Antipodean entrepreneur, has taken a 9.6 per cent stake in **Beatson Clark**, the Rotherham-based manufacturer of glass bottles and jars. Beatson's shares added 15p to 416p after yesterday's announcement that Mr Brierley's IEP Securities held 713,000 shares.

Mr David Clark, Beatson's chairman, said he understood that the stake would be held as a long-term investment - but he hoped for clarification on this point later this month in a meeting with representatives of IEP Securities.

Hitherto, Mr Brierley's investment in the UK's reviving glass manufacturing industry has been confined to a substantial holding in Redfearn National Glass.

# Group Precious Metal Mining Companies' Reports for the quarter ended 30 September 1987

*All companies are incorporated in the Republic of South Africa*

## Driefontein Consolidated

**Driefontein Consolidated Limited**
(Registration No. 68/04880/06)

**ISSUED CAPITAL:** 102 000 000 shares of R1 each, fully paid.

| | Quarter ended 30 Sept. 1987 | *Quarter ended 30 June 1987* |
|---|---|---|
| **OPERATING RESULTS** | | |
| **Gold – East Driefontein** | | |
| Ore milled (t) | 705 000 | *705 000* |
| Gold produced (kg) | 8 812,5 | *7 473,3* |
| Yield (g/t) | 12,5 | *10,6* |
| Price received (R/kg) | 30 463 | *28 785* |
| Revenue (R/t milled) | 381,52 | *305,36* |
| Cost (R/t milled) | 108,11 | *99,35* |
| Profit (R/t milled) | 273,41 | *206,01* |
| Revenue (R000) | 268 972 | *215 420* |
| Cost (R000) | 76 215 | *70 180* |
| Profit (R000) | 192 757 | *145 240* |
| **Gold – West Driefontein** | | |
| Ore milled (t) | 720 000 | *720 000* |
| Gold produced (kg) | 8 424,0 | *8 352,0* |
| Yield (g/t) | 11,7 | *11,6* |
| Price received (R/kg) | 30 001 | *28 550* |
| Revenue (R/t milled) | 351,69 | *331,77* |
| Cost (R/t milled) | 119,22 | *108,99* |
| Profit (R/t milled) | 232,47 | *222,78* |
| Revenue (R000) | 253 215 | *238 876* |
| Cost (R000) | 85 839 | *78 477* |
| Profit (R000) | 167 376 | *160 399* |
| **Uranium Oxide** | | |
| Pulp treated (t) | 214 690 | *193 960* |
| Oxide produced (kg) | 19 152 | *18 639* |
| Yield (kg/t) | 0,089 | *0,096* |
| **FINANCIAL RESULTS (R000)** | | |
| Working profit: Gold | 360 133 | *305 639* |
| Profit on sale of Uranium Oxide and Sulphuric Acid | 2 092 | *1 133* |
| Net tribute royalties and sundry mining revenue | 489 | *252* |
| Net mining revenue | 362 714 | *307 024* |
| Net non-mining revenue (group) | 20 847 | *24 030* |
| Profit before tax and State's share of profit | 383 561 | *331 054* |
| Tax and State's share of profit | 236 052 | *173 136* |
| Profit after tax and State's share of profit | 147 509 | *157 918* |
| Capital expenditure | 31 741 | *69 025* |
| Dividend | — | *214 200* |

**TAX AND STATE'S SHARE OF PROFIT.** The Tax and State's Share of Profit for the quarter has been adjusted in respect of an overprovision in the previous year amounting to R8 167 000.

**CAPITAL EXPENDITURE.** The unexpended balance of authorised capital expenditure at 30 September 1987 was R691,3 million.

**DIVIDEND.** A dividend (No. 28) of 210 cents per share was declared on 9 June 1987, and was paid to members on 5 August 1987.

**SHAFTS**

**East Driefontein**

**No. 5 Sub-Vertical Shaft-E.** The shaft was sunk 154 metres to a depth of 727 metres below the collar on 22 Level. The excavation of 36 Level station was completed. Progress has been hampered by seismic events.

**No. 1 Tertiary Shaft-E.** Work continues on the excavation of hoist chambers. The development on 34 Level has reached the shaft position.

**West Driefontein**

**No. 7 Shaft-W.** The shaft was equipped to a depth of 775 metres below collar.

**No. 8 Shaft-W.** Work continues on the ewné and ventilation ducting from the shaft to the fan housing.

**No. 9 Sub-Vertical Shaft-W.** The development of the shaft layout on 22 Level and the access raise to 21 Level continues. The cross-cut on 22 Level which will connect the shaft with No. 5 Shaft-E is approaching the holing point.

On behalf of the board

5 October 1987

R. A. Plumbridge
C. T. Fenton
} *Directors*

## Vlakfontein

**Vlakfontein Gold Mining Company Limited**
(Registration No. 05/06155/06)

**ISSUED CAPITAL:** 6 800 000 shares of 20 cents each, fully paid.

| | Quarter ended 30 Sept. 1987 | *Quarter ended 30 June 1987* |
|---|---|---|
| **OPERATING RESULTS** | | |
| **Gold** | | |
| Ore milled: | | |
| from underground sources (t) | 9 981 | *5 998* |
| from surface dumps (t) | 143 136 | *88 247* |
| from outside sources (t) | 56 883 | *115 755* |
| Total milled (t) | 210 000 | *210 000* |
| Gold produced (kg) | 216,7 | *265,6* |
| Yield (g/t) | 1,0 | *1,3* |
| Price received (R/kg) | 30 209 | *28 794* |
| Revenue (R/t milled) | 31,25 | *36,47* |
| Cost (R/t milled) | 28,99 | *34,36* |
| Profit (R/t milled) | 2,26 | *2,11* |
| Revenue (R000) | 6 563 | *7 658* |
| Cost (R000) | 6 089 | *7 215* |
| Profit (R000) | 474 | *443* |
| **FINANCIAL RESULTS (R000)** | | |
| Working profit: Gold | 474 | *443* |
| Net sundry revenue | 371 | *283* |
| Profit before tax | 845 | *726* |
| Tax: | | |
| Formula tax | (166) | *(347)* |
| Non-mining tax | 12 | *44* |
| Profit after tax | 999 | *1 029* |
| Capital expenditure | 2 568 | *9 187* |
| Issue of shares | — | *[illegible]* |
| Dividend | — | *3 400* |

**TAX.** The Tax for the quarter has been adjusted in respect of an overprovision in the previous year amounting to R338 000.

**CAPITAL EXPENDITURE.**

(a) The unexpended balance of authorised capital expenditure at 30 September 1987 was R4,5 million.

(b) The capital expenditure incurred for the quarter ended 30 September 1987 relates mainly to Droogebult.

**DIVIDEND.** A dividend (No. 82) of 50 cents per share was declared on 9 June 1987, and was paid to members on 5 August 1987.

**DROOGEBULT PROJECT.** The decline was advanced 105 metres to a total distance of 400 metres. The station development and ore passes on 2 Level were completed. Reef drive development is in progress on 1 and 2 Levels. Raising from 2 Level to 1 Level has commenced. Stoping on 1 Level has commenced.

Preparatory work for the installation of the conveyor from 2 Level is well advanced.

On behalf of the board

5 October 1987

A. J. Wright
C. T. Fenton
} *Directors*

## Libanon

**Libanon Gold Mining Company Limited**
(Registration No. 05/08881/06)

**ISSUED CAPITAL:** 8 000 000 shares of R1 each, fully paid.

| | Quarter ended 30 Sept. 1987 | *Quarter ended 30 June 1987* |
|---|---|---|
| **OPERATING RESULTS** | | |
| **Gold** | | |
| Ore milled (t) | 435 000 | *435 000* |
| Gold produced (kg) | 2 088,0 | *2 131,8* |
| Yield (g/t) | 4,8 | *4,9* |
| Price received (R/kg) | 30 306 | *28 730* |
| Revenue (R/t milled) | 145,69 | *141,00* |
| Cost (R/t milled) | 101,11 | *97,98* |
| Profit (R/t milled) | 44,58 | *43,02* |
| Revenue (R000) | 63 378 | *61 333* |
| Cost (R000) | 43 984 | *42 621* |
| Profit (R000) | 19 394 | *18 712* |
| **FINANCIAL RESULTS (R000)** | | |
| Working profit: Gold | 19 394 | *18 712* |
| Recovery under loss of profits insurance | 635 | *—* |
| Net sundry revenue | 2 255 | *2 815* |
| Profit before tax and State's share of profit | 22 284 | *21 527* |
| Tax and State's share of profit | 5 206 | *4 152* |
| Profit after tax and State's share of profit | 17 078 | *17 375* |
| Capital expenditure | 9 000 | *12 456* |
| Dividend | — | *20 000* |

**TAX AND STATE'S SHARE OF PROFIT.** The Tax and State's Share of Profit for the quarter has been adjusted in respect of an overprovision in the previous year amounting to R1 997 000.

**CAPITAL EXPENDITURE.** The unexpended balance of authorised capital expenditure at 30 September 1987 was R114,4 million.

**DIVIDEND.** A dividend (No. 73) of 250 cents per share was declared on 9 June 1987, and was paid to members on 5 August 1987.

On behalf of the board

5 October 1987

A. J. Wright
C. T. Fenton
} *Directors*

## Kloof

**Kloof Gold Mining Company Limited**
(Registration No. 64/04462/06)

**ISSUED CAPITAL:** 121 100 000 shares of 25 cents each, fully paid.

| | Quarter ended 30 Sept. 1987 | *Quarter ended 30 June 1987* |
|---|---|---|
| **OPERATING RESULTS** | | |
| **Gold** | | |
| Ore milled (t) | 540 000 | *540 000* |
| Gold produced (kg) | 7 560,0 | *7 560,0* |
| Yield (g/t) | 14,0 | *14,0* |
| Price received (R/kg) | 30 043 | *28 752* |
| Revenue (R/t milled) | 421,43 | *403,30* |
| Cost (R/t milled) | 137,07 | *123,69* |
| Profit (R/t milled) | 284,36 | *279,61* |
| Revenue (R000) | 227 571 | *217 782* |
| Cost (R000) | 74 019 | *66 794* |
| Profit (R000) | 153 552 | *150 988* |
| **FINANCIAL RESULTS (R000)** | | |
| Working profit: Gold | 153 552 | *150 988* |
| Recovery under loss of profits insurance | 252 | *—* |
| Net sundry revenue | 7 611 | *9 669* |
| Profit before tax and State's share of profit | 161 415 | *160 657* |
| Tax and State's share of profit | 56 751 | *63 435* |
| Profit after tax and State's share of profit | 104 664 | *97 222* |
| Capital expenditure | 62 792 | *61 274* |
| Dividend | — | *96 880* |
| Issue of debentures | 8 175 | *—* |

**TAX AND STATE'S SHARE OF PROFIT.** The Tax and State's Share of Profit for the quarter has been adjusted in respect of an overprovision in the previous year amounting to R5 685 000.

**CAPITAL EXPENDITURE.**

(a) The unexpended balance of authorised capital expenditure at 30 September 1987 was R951,6 million.

(b) Included in the total of capital expenditure for the quarter ended 30 September 1987 is an amount of R34,2 million in respect of Leeudoorn.

**DIVIDEND.** A dividend (No. 35) of 80 cents per share was declared on 9 June 1987, and was paid to members on 5 August 1987.

**DEBENTURES.** A further call of R5 per debenture was made on the holders of the partly paid Unsecured Convertible Debentures and was paid on 1 July 1987.

**SHAFTS**

**Kloof**

**No. 4 Shaft-K.** Shaft equipping operations were advanced to a depth of 1 920 metres below collar.

**No. 4 Sub-Vertical Shaft-K.** Work is continuing on the establishment of the necessary hoist chambers. Preparatory work to enable the sinking of the headgear portion of the shaft is in progress.

**Leeudoorn**

**No. 1 Shaft-L.** The shaft was sunk 350 metres to a depth of 1 292 metres below collar.

**No. 1 Ventilation Shaft-L.** The installation of the necessary steelwork for mid-shaft loading facilities is almost complete.

**No. 1 Sub-Vertical Shaft-L.** Initial sinking of this shaft will be carried out via the existing No. 1 Ventilation Shaft-L once the mid-shaft loading facilities have been installed.

On behalf of the board

5 October 1987

C. T. Fenton
A. J. Wright
} *Directors*

## Northam

**Northam Platinum Limited**
(Registration No. 77/05282/06)

**ISSUED CAPITAL:** 14 400 000 shares of 1 cent each, fully paid.

1. **INCOME AND EXPENDITURE.** The company had neither income nor expenditure for the three months ended 30 September 1987, as all income and expenditure has been capitalised as pre-production mine development expenditure.

2. **CAPITAL EXPENDITURE.** The unexpended balance of authorised capital expenditure at 30 September 1987 was R499,8 million.

3. **PROGRESS AT THE MINE**

**No. 1 Shaft.** The shaft was sunk 206 metres to a depth of 262 metres below collar. The first man winder was commissioned.

**No. 2 Shaft.** The shaft was sunk 256 metres to a depth of 517 metres below collar.

On behalf of the board

5 October 1987

R. A. Plumbridge
C. T. Fenton
} *Directors*

## Venterspost

**Venterspost Gold Mining Company Limited**
(Registration No. 05/05632/06)

**ISSUED CAPITAL:** 5 050 000 shares of R1 each, fully paid.

| | Quarter ended 30 Sept. 1987 | *Quarter ended 30 June 1987* |
|---|---|---|
| **OPERATING RESULTS** | | |
| **Gold** | | |
| Ore milled (t) | 390 000 | *390 000* |
| Gold produced (kg) | 1 560,0 | *1 560,5* |
| Yield (g/t) | 4,0 | *4,0* |
| Price received (R/kg) | 30 280 | *28 213* |
| Revenue (R/t milled) | 121,08 | *113,04* |
| Cost (R/t milled) | 105,84 | *98,00* |
| Profit (R/t milled) | 15,24 | *15,04* |
| Revenue (R000) | 47 220 | *44 084* |
| Cost (R000) | 41 276 | *38 220* |
| Profit (R000) | 5 944 | *5 864* |
| **FINANCIAL RESULTS (R000)** | | |
| Working profit: Gold | 5 944 | *5 864* |
| Net sundry revenue | 1 153 | *1 616* |
| Profit before tax | 7 097 | *7 480* |
| Tax | 1 716 | *(1 328)* |
| Profit after tax | 5 381 | *8 808* |
| Capital expenditure | 465 | *5 587* |
| Dividend | — | *9 595* |

**TAX.** The Tax for the quarter has been adjusted in respect of an overprovision in the previous year amounting to R1 548 000.

**CAPITAL EXPENDITURE.**

The unexpended balance of authorised capital expenditure at 30 September 1987 was R17,5 million.

**DIVIDEND.** A dividend (No. 94) of 190 cents per share was declared on 9 June 1987, and was paid to members on 5 August 1987.

On behalf of the board

5 October 1987

A. J. Wright
C. T. Fenton
} *Directors*

## Doornfontein

**Doornfontein Gold Mining Company Limited**
(Registration No. 05/24709/06)

**ISSUED CAPITAL:** 10 000 000 shares of R1 each, fully paid.

| | Quarter ended 30 Sept. 1987 | *Quarter ended 30 June 1987* |
|---|---|---|
| **OPERATING RESULTS** | | |
| **Gold** | | |
| Ore milled (t) | 366 000 | *366 000* |
| Gold produced (kg) | 1 915,4 | *2 123,0* |
| Yield (g/t) | 5,2 | *5,8* |
| Price received (R/kg) | 30 297 | *28 927* |
| Revenue (R/t milled) | 158,82 | *168,05* |
| Cost (R/t milled) | 142,44 | *128,30* |
| Profit (R/t milled) | 16,38 | *39,75* |
| Revenue (R000) | 58 128 | *61 498* |
| Cost (R000) | 52 134 | *46 949* |
| Profit (R000) | 5 994 | *14 549* |
| **FINANCIAL RESULTS (R000)** | | |
| Working profit: Gold | 5 994 | *14 549* |
| Net sundry revenue | 1 788 | *2 486* |
| Profit before tax and State's share of profit | 7 782 | *17 035* |
| Tax and State's share of profit | (1 113) | *(1 800)* |
| Profit after tax and State's share of profit | 8 895 | *18 835* |
| Capital expenditure | 9 259 | *12 255* |
| Dividend | — | *14 500* |

**TAX AND STATE'S SHARE OF PROFIT.** The Tax and State's Share of Profit for the quarter has been adjusted in respect of an overprovision in the previous year amounting to R2 030 000.

**CAPITAL EXPENDITURE.** The unexpended balance of authorised capital expenditure at 30 September 1987 was R141,6 million.

**DIVIDEND.** A dividend (No. 61) of 145 cents per share was declared on 9 June 1987, and was paid to members on 5 August 1987.

**No. 3 SUB-VERTICAL SHAFT.** Equipping of the headgear is complete and equipping of the shaft has reached a depth of 695 metres below collar.

On behalf of the board

5 October 1987

C. T. Fenton
A. J. Wright
} *Directors*

## Deelkraal

**Deelkraal Gold Mining Company Limited**
(Registration No. 74/00160/06)

**ISSUED CAPITAL:** 99 540 000 shares of 20 cents each, fully paid.

| | Quarter ended 30 Sept. 1987 | *Quarter ended 30 June 1987* |
|---|---|---|
| **OPERATING RESULTS** | | |
| **Gold** | | |
| Ore milled (t) | 375 000 | *375 000* |
| Gold produced (kg) | 2 062,5 | *1 987,5* |
| Yield (g/t) | 5,5 | *5,3* |
| Price received (R/kg) | 30 059 | *28 305* |
| Revenue (R/t milled) | 165,70 | *150,24* |
| Cost (R/t milled) | 87,88 | *83,65* |
| Profit (R/t milled) | 77,82 | *66,59* |
| Revenue (R000) | 62 138 | *56 340* |
| Cost (R000) | 32 956 | *31 367* |
| Profit (R000) | 29 182 | *24 973* |
| **FINANCIAL RESULTS (R000)** | | |
| Working profit: Gold | 29 182 | *24 973* |
| Net sundry revenue | 2 505 | *2 739* |
| Profit before tax | 31 687 | *27 712* |
| Non-mining tax | 1 226 | *1 333* |
| Profit after tax | 30 461 | *26 379* |
| Capital expenditure | 9 269 | *12 050* |
| Dividend | — | *39 816* |

**CAPITAL EXPENDITURE.** The unexpended balance of authorised capital expenditure at 30 September 1987 was R244,8 million.

**DIVIDEND.** A dividend (No. 9) of 40 cents per share was declared on 9 June 1987, and was paid to members on 5 August 1987.

On behalf of the board

5 October 1987

C. T. Fenton
A. J. Wright
} *Directors*

# GOLD FIELDS
## OF SOUTH AFRICA LIMITED

**Note:**
Copies may be obtained from the United Kingdom Registrar:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London, SW1P 1PL.

# UK COMPANY NEWS

## Lamont better than expected with £4m

**Lamont Holdings**, the diversified investment holding company, outperformed its budgets for the first half of 1987 by lifting its pre-tax profit from £2.2m to £4m. And the interim dividend is raised from 1.5p to 2p.

The directors have no reason "to be other than confident" about the year as a whole, and look for continuance of the progress of the past five years. Over that period profits grew from £568,000 to £6.22m.

Turnover in the half year moved up to £45.36m (£27m) and trading profit to £4.28m (£2.43m). Earnings worked through at 13.09p (7.99p).

Textile division produced a creditible return with trading profits at £3.6m, compared with the same period last year which bore the early losses following the acquisition of Shaw Carpets. All companies in the division increased turnover and improved margins.

Although a slight hesitancy was experienced in the market place in July and August, the overall picture for the full year should be up to expectations. Order books were higher that at any time last year.

Moygashel had an excellent six months in furnishing fabrics, and the apparel business was benefitting from a new marketing strategy. Order levels were improving and prospects for the second half were encouraging.

B.H. McCleery had full order books and, despite increased costs of raw materials and a world shortage of polymer, would perform well for the year.

William Ross, spinning linen and linen blend yarns, increased its sales and margins and saw further potential in Far East markets.

The overall performance of the computing division improved.

## PML doubled to £0.84m midterm

IN SPITE of unfavourable weather for its wholesaling and manufacturing subsidiaries, **PML Group** yesterday reported a 97 per cent increase from £427,000 to £843,000 in pre-tax profits for the six months to June 30 1987. Turnover was up from £6.68m to £8.03m.

The directors said they viewed the future with great optimism. New acquisitions had settled in quickly and the liquidity position was positive with the greater part of profits coming through in cash. They said they intended to pay a dividend for 1987, possibly in June next year.

In the shoe division, turnover was up 34 per cent, and a loss of £86,000 was turned round into profit of £34,000. In the Euro-Asia and Hanover Grand Boutique Group, turnover increased by 41 per cent and pre-tax profit by 88 per cent.

The greater part of the group's profits usually come in the second half, which this time will include a first contribution from Alec Berman. The group is seeking further acquisitions.

Stated earnings per share improved from 0.6p to 1.62p.

## Laidlaw Thomson 35% ahead

**Laidlaw Thomson**, the USM quoted architectural ironmonger, reported a 35 per cent increase from £428,000 to £578,000 in pre-tax profits for the half year to June 30 against an improvement of 13 per cent to £10.54m in turnover.

Mr David Whitworth, chairman, said the results reflect the improvement in operating conditions in Sheffield,and the continued growth in specialist areas, notably window fittings, metal doors and lock cylinders.

He said that in the first six months the company had further consolidated its position as Britain's leading architectural ironmonger but believed the potential existed to increase further the market share and also, through a more co-ordinated group policy on sales and marketing, produce an improvement in margins. Pre-tax to sales, these were up from 4.6 per cent to almost 5¼ per cent in the first half.

Earnings per 25p share improved from 4.68p to 7.33p after a tax charge of £192,000 (£163,000) and a credit of £4,000 (£16,000 debit) of share of profit of related companies.

As forecast at the time of the July rights issues, the interim dividend is increased to 1.54p (1.4p).

## Bilton in strong position as profits rise 17%

**Percy Bilton** is in a strong position to take advantage of the continuing demand in the property sector, the directors said yesterday, as the property developer announced a 17 per cent increase in pre-tax profits from £5.41m to £6.31m for the first half of 1987.

Turnover rose from £11.68m to £14.52m, an increase of 24 per cent. Profits on property and investment activities amounted to £7.22m (£6.01m) while profits from construction including housing increased from £739,000 to £1.81m. Profit on redemption of mortgages was nil (£1.35m) and interest paid amounted to £2.03m (£2.04m).

After tax of £1.87m (£1.18m), earnings per 25p share increased to 10.4p (9.3p restated).

The directors said there had been an increase in the amount of work secured by the civil engineering division and private housing had made a very satisfactory contribution. The directors are confident that the remainder of 1987 will show further growth of activity.

## British Dredging up to £0.9m first half

**British Dredging's** performance in the first half of 1987 with pre-tax profits up from £730,000 to £901,000 was even better than it looked at first sight since the corresponding period of the previous year included the benefit of approximately £120,000 from the 50 per cent interest in Bristol Sand and Gravel which was sold in November 1986.

The directors said that British Dredging Aggregates performed particularly strongly with a high level of demand and all activities of the group continued to trade well.

Turnover for the six months to June 30 was up from £4.97m to £5.91m and the operating profit rose from £530,000 to £599,000; this was boosted by an increase from £200,000 to £302,000 in investment income. Tax took £331,000 (£264,000) leaving attributable profits of £570,000 (£466,000) for earnings of 3.31p (2.70p). Shareholders get a doubled interim of 2p.

## Astra $4m purchase of Kilgore

**Astra Holdings**, Kent-based pyrotechnics group, is buying Kilgore Corporation, pyrotechnic supplier to US Department of Defence, for a maximum $3.8m (£2.3m) in its second US acquisition this year.

The company showed a loss of $637,000 in the year to the end of June, but management has forecast operating profits of at least $600,000 in the current year, and $2m in the next.

## Fortnum back in black

**Fortnum & Mason**, the department store, produced a pre-tax profit of £70,000 for the six months to August 15, compared to a loss of £68,000, after a 22 per cent improvement in sales to £7.59m.

Directors said the results were a very satisfactory improvement upon 1986's disappointing performance. The key to the year's overall result would be the level of sales and profit achieved in the last 24 weeks of trading.

The company did not expect to maintain the rate of increase achieved in the first half, but would be disappointed if it did not produce profits reflecting the increased volume of trade throughout the store, they said.

There was a trading loss of £70,000 before £140,000 interest received (£138,000) compared to last time's trading loss of £206,000.

Tax took £26,000, against a credit of £18,000. Earnings per share were 9.4p (12.7p loss), and the interim dividend rose 0.5p to 5.5p.

## National Industri

**National Industri (Ireland)**, electrical machinery manufacturer, trimmed its pre-tax losses from I£149,000 to I£66,000 for the six months to June 30 1987.

Turnover fell from £3.24m to £3.1m and redundancy costs from £90,000 to £25,000, while the tax credit remained at £5,000.

## SHARE STAKES

Changes in company share stakes announced over the past week include:

**Brent Chemicals**: on September 29 director K. Hutchings disposed of 18,650 ordinary.

**Eurotherm**: director J.A. Hartnett disposed of 50,000 shares at 430p and 25,000 shares at 433p on September 28. He now holds 3,196,836 (11.39 per cent).

**Eucalyptus Pulp Mills**: On September 30 director C.D.C. Willy sold 10,000 shares at £11.75 and now holds 37,500.

**Radio City (Sound of Merseyside)**: managing director T.D. Smith purchased 86,250 A ordinary NV at 100p on September 23, increasing his family holding to 183,350 (8.3 per cent).

**Jacques Vert**: On October 1 chairman J. Cynamon and managing director A. Green both sold 50,000 ordinary at 440p.

**Bridport-Gundry**: director M Dagwell has disposed of 80,000 ordinary at 285p.

**Minet Holdings**: on October 1 director B. J. Hayes sold 11,226 shares at 395p.

**Rentokil Group**: director E.J. B. Christensen disposed of 58,368 ordinary (0.03 per cent) at 221p and now holds 25,000.

**Bellwinch**: On September 30 director S. Matthews purchased 20,000 ordinary at 145p.

**Dubilier**: On September 22 the following directors sold ordinary: D.A. Blundell 476,000 at 220p and now holds 1.4m; C.R. Bean 80,000 at 220p and now holds 766,933

**Sale Tilney**: R.J. Temple, managing director of a subsidiary, has sold 1,208,835 Sale Tilney ordinary, reducing his holding to 1,300,515.

**Ultramar**: director D.H. Austin disposed of 45,000 ordinary and now holds 181,628.

**Ernest Green**: On September 28 the following directors disposed of shares: B.L. Rider 50,000 and now holds 611,536, I.R. Douglas 50,000 and now holds 424,358, and P.F. Simmons 50,000 and now holds 424,358

## BOARD MEETINGS

**TODAY**

Interims- ATA Selection, Ash & Lacy, British Fittings, London & Manchester, Albert Martin, Micro Focus, Quarto, Sears, Telephone Rentals, Frank Usher, Ward Group.

Finals- Baillie Gifford Japan Trust, Savage.

**FUTURE DATES**

| | |
|---|---|
| Interims- | |
| Beiry Birch & Noble | Oct 8 |
| British Island Airways | Oct 15 |
| Caparo Inds | Oct 15 |
| Dowty | Dec 10 |
| Henderson Group | Oct 9 |
| MI Research | Oct 8 |
| Muckerlin | Oct 15 |
| TR City of London Trust | Oct 7 |
| Turriff Corporation | Oct 14 |
| Walker (J.D.) | Oct 16 |
| Woolcons Betterware | Oct 7 |
| Finals- | |
| Britannia Security | Oct 14 |
| Goodwin (F.) | Oct 8 |
| Medminster | Oct 12 |
| Samuelson | Oct 7 |

# Continental

## 3-Tranche Warrant Issue

### for the Continental Group

### coordinated by

### Deutsche Bank AG

---

New Issue
October 6, 1987

This advertisement appears as a matter of record only.

## Continental Rubber of America, Corp.

**Wilmington, Delaware, U.S.A.**

**DM 190,000,000**

**6¾% Deutsche Mark-Bonds of 1987 due 1997**

**unconditionally and irrevocably guaranteed by**

**Continental Aktiengesellschaft**

**Hanover, Federal Republic of Germany**

**with warrants attached to subscribe for bearer shares of**

**Continental Aktiengesellschaft**

| | |
|---|---|
| Issue Price: | 134% |
| Interest: | 6¾% p. a., payable annually in arrears on October 6 |
| Repayment: | October 6, 1997 at par |
| Subscription Right: | Each bond in the denomination of DM 5,000 is issued with four bearer warrants entitling the holder to subscribe for a total of sixteen bearer shares of Continental Aktiengesellschaft in the nominal amount of DM 50 each at a subscription price of DM 360 per share. The warrants are detachable as from October 6, 1987 and may be exercised from November 6, 1987 through October 6, 1997. |
| Listing: | |
| – bonds | Frankfurt am Main and Hanover |
| – warrants | all German stock exchanges, Luxembourg, Zurich, Basle, Geneva, Bern, and Lausanne |

**Deutsche Bank** Aktiengesellschaft
**Morgan Stanley GmbH**

**Bayerische Vereinsbank** Aktiengesellschaft
**Berliner Handels- und Frankfurter Bank**
**BNP Capital Markets** Limited
**Commerzbank** Aktiengesellschaft
**Dresdner Bank** Aktiengesellschaft
**Morgan Guaranty GmbH**
**Schweizerische Bankgesellschaft (Deutschland) AG**

Algemene Bank Nederland N.V.
Banca Commerciale Italiana
Bank in Liechtenstein (Frankfurt) GmbH
Banque Générale du Luxembourg S.A.
Baring Brothers & Co., Limited
Berliner Bank Aktiengesellschaft
Crédit Commercial de France
Creditanstalt-Bankverein
Delbrück & Co.
Dominion Securities Inc.
Euromobiliare S.p.A.
Georg Hauck & Sohn Bankiers Kommanditgesellschaft auf Aktien
Leu Securities Limited
McLeod Young Weir International Limited
B. Metzler seel. Sohn & Co. Kommanditgesellschaft auf Aktien
The Nikko Securities Co., (Deutschland) GmbH
Norddeutsche Landesbank Girozentrale
Privatbanken A/S
Shearson Lehman Brothers International
Swiss Cantonalbanks
M.M. Warburg-Brinckmann, Wirtz & Co.
Wood Gundy Inc.

Baden-Württembergische Bank Aktiengesellschaft
Banca del Gottardo
Bank of Tokyo (Deutschland) Aktiengesellschaft
Banque Internationale à Luxembourg S.A.
Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft
Chemical Bank Aktiengesellschaft
Crédit Lyonnais SA & Co (Deutschland) oHG
CSFB-Effectenbank
Den Danske Bank
EBC Amro Bank Limited
Generale Bank
Industriebank von Japan (Deutschland) Aktiengesellschaft
Manufacturers Hanover Limited
Merck, Finck & Co.
Samuel Montagu & Co. Limited
Nomura Europe GmbH
Sal. Oppenheim jr. & Cie.
Salomon Brothers AG
Société Générale – Elsässische Bank & Co.
Swiss Volksbank
S.G. Warburg Securities
Vereins- und Westbank Aktiengesellschaft

Julius Baer International Limited
Bank für Gemeinwirtschaft Aktiengesellschaft
Bank J. Vontobel & Co. AG
Banque Paribas Capital Markets GmbH
Joh. Berenberg, Gossler & Co.
Copenhagen Handelsbank
Crédit du Nord
Daiwa Europe (Deutschland) GmbH
Deutsche Bank Capital Corporation
Enskilda Securities Skandinaviska Enskilda Limited
Groupement Privé Genevois S.A.
Kredietbank S.A. Luxembourgeoise
Marcard, Stein & Co.
Merrill Lynch International & Co.
Morgan Grenfell & Co. Limited
Norddeutsche Genossenschaftsbank AG
Orion Royal Bank Limited
Schweizerischer Bankverein (Deutschland) AG
Svenska Handelsbanken PLC
Trinkaus & Burkhardt KGaA
Westfalenbank Aktiengesellschaft
Yamaichi International (Deutschland) GmbH

---

New Issue
October 6, 1987

This advertisement appears as a matter of record only.

## Continental Rubber of America, Corp.

**Wilmington, Delaware, U.S.A.**

**SFr. 100,000,000**

**4¾% Swiss Franc Bonds 1987–2002**

**unconditionally and irrevocably guaranteed by**

**Continental Aktiengesellschaft**

**Hanover, Federal Republic of Germany**

**with warrants attached to subscribe for bearer shares of**

**Continental Aktiengesellschaft**

| | |
|---|---|
| Issue Price: | 127% |
| Interest: | 4¾% p. a., payable annually in arrears on October 6 |
| Repayment: | October 6, 2002 at par |
| Subscription Right: | Each bond in the denomination of SFr. 5,000 is issued with five bearer warrants entitling the holder to subscribe for a total of seventeen bearer shares of Continental Aktiengesellschaft in the nominal amount of DM 50 each at a subscription price of DM 360 per share. The warrants are detachable as from October 6, 1987 and may be exercised from November 6, 1987 through October 6, 1997. |
| Listing: | |
| – bonds | Zurich, Basle, Geneva, Bern, and Lausanne |
| – warrants | all German stock exchanges, Luxembourg, Zurich, Basle, Geneva, Bern, and Lausanne |

**Union Bank of Switzerland**
**Swiss Bank Corporation**
**Credit Suisse**
**Deutsche Bank (Suisse) S.A.**
**Morgan Stanley S.A.**

Swiss Volksbank
Bank Leu Ltd
Members of the Groupement des Banquiers Privés Genevois
Bank Sarasin & Cie
Private Bank and Trust Company
Members of the Groupement de Banquiers Privés Zurichois
Swiss Cantonalbanks
Banca della Svizzera Italiana
Bank Cantrade Ltd.
Swiss Deposit and Creditbank
Bank Hofmann Ltd.
Banque Romande

Chemical N.Y. Capital Market Corporation
Commerzbank (Switzerland) Ltd.
Dresdner Bank (Switzerland) Ltd.
Morgan Guaranty (Switzerland) Ltd.
Nomura (Switzerland) Ltd.

---

New Issue
October 6, 1987

This advertisement appears as a matter of record only.

## Continental Rubber of America, Corp.

**Wilmington, Delaware, U.S.A.**

**U.S.$ 75,000,000**

**9¾% U.S. Dollar Bonds of 1987 due 1997**

**unconditionally and irrevocably guaranteed by**

**Continental Aktiengesellschaft**

**Hanover, Federal Republic of Germany**

**with warrants attached to subscribe for bearer shares of**

**Continental Aktiengesellschaft**

| | |
|---|---|
| Issue Price: | 130% |
| Interest: | *9¾% p. a., payable annually in arrears on October 6* |
| Repayment: | October 6, 1997 at par |
| Subscription Right: | Each bond in the denomination of U.S.$ 5,000 is issued with ten bearer warrants entitling the holder to subscribe for a total of thirty bearer shares of Continental Aktiengesellschaft in the nominal amount of DM 50 each at a subscription price of DM 360 per share. The warrants are detachable as from October 6, 1987 and may be exercised from November 6, 1987 through October 6, 1997. |
| Listing: | |
| – bonds | Luxembourg stock exchange |
| – warrants | all German stock exchanges, Luxembourg, Zurich, Basle, Geneva, Bern, and Lausanne |

**Deutsche Bank Capital Markets** Limited
**Morgan Stanley International**

**BNP Capital Markets** Limited
**Commerzbank** Aktiengesellschaft
**Credit Suisse First Boston** Limited
**Daiwa Europe Limited**
**Dresdner Bank** Aktiengesellschaft
**EBC Amro Bank** Limited
**Generale Bank**
**Merrill Lynch International & Co.**
**Mitsubishi Trust International** Limited
**Morgan Guaranty Ltd**
**Nomura International Limited**
**Swiss Bank Corporation International Limited**
**Union Bank of Switzerland (Securities) Limited**
**S. G. Warburg Securities**

Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft
Bayerische Vereinsbank Aktiengesellschaft
Berliner Handels- und Frankfurter Bank
Chemical Bank International Limited
Delbrück & Co.
Norddeutsche Landesbank Girozentrale
Sal. Oppenheim jr. & Cie.
M.M. Warburg-Brinckmann, Wirtz & Co.

# COMMODITIES AND AGRICULTURE

## Quota deal dispels coffee gloom

BY DAVID BLACKWELL

THE INTERNATIONAL Coffee Organisation finally got its act together in the early hours of yesterday morning, agreeing to the reintroduction of export quotas—to the obvious relief of all delegates.

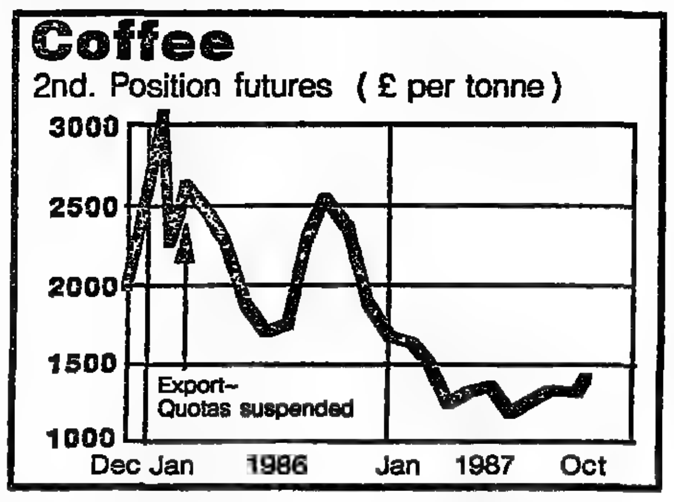
Representatives of both consuming countries and producing countries left London for home with the feeling that their decision was a shot in the arm for both ICO and the $10bn-a-year world coffe trade, which has seen prices falling steadily since quotas were suspended in February 1986.

Producers were arguing right up to the last minute over the distribution of quotas among exporting countries—and a decision on this was seen as the key to the successful outcome of the talks. Yet before the ICO talks got under way more than a fortnight ago, all the pointers suggested that, as the market pressures on them increased, producers were determined to come to a consensus on quotas.

Last month the world's leading coffee producers—Brazil, Colombia and 11 other Latin American countries—agreed in Mexico that they would seek the reinstatement of quotas at the ICO talks. A week later a two-day emergency meeting of the Inter-African Coffee Organisation in Abidjan, capital of the Ivory Coast, resolved to take a unified stand with their South American counterparts.

The negotiations in London were so tough, and took so long, because consuming countries wanted to change the balance of the allocation of quotas to what they term "objective criteria"—that is figures based on available supplies and stocks.

Producing countries, led by Brazil, were proposing a complicated formula for the allocations which consumers said contained too much political bargaining.




Brazil—the world's biggest producer—would have lost heavily if the consumer's plans had been implemented. Its disastrous harvest of 14m bags last year after a drought precipitated the suspension of the quotas—and it is this figure which would have been used in any allocation based on "objective criteria."

In the event the producer proposals were accepted for the 1987/88 coffee year, which runs from October to October, with Brazil accepting a symbolic cut in its quota to 30.48 per cent from 30.55 per cent.

This year Brazil's harvest is put at 35.8m bags, so by the time the next phase of the agreement, based on the consumer countries' formula, is implemented in the 1988/89 year Brazil should once again have a sound base for its allocation. The agreement, which is for a world total export quota of 58m bags, is designed to push world coffee prices up immediately into the range which the ICO is defending — 120 cents a lb to 140 cents a lb. It provides for cuts of 1.5m bags in the total export quota if the 15-day average price (the measure used) is not at 107 cents a lb by tomorrow; a further cut of 1.5m bags if the price is below 110 cents a lb on November 1; and a 1m bag cut if it is below 113 cents two weeks later.

The latest 15-day average price available, for October 2, is 104.17 cents a lb. Prices in New York reached as high as 126 cents a lb in morning trading yesterday, and the November position robusta contract added £61.50 to close at £1.399 a tonne on the London Futures and Options Exchange—the highest price since February, when the last set of ICO talks on quotas failed.

Some analysts believe, however, that there will not be a big rise in coffee prices in the long term. When the market has time to reflect, said Mr Neil Rosser of Landell Mills Commodities Studies, dealers will realise there is still plenty of coffee about.

Stocks held in consumer countries are not particularly high but Brazil and other producers had been exporting frantically before the [illegible] talks began—and there is a lot of coffee already on the high seas.

## German report urges CAP price cuts

BY TIM DICKSON IN BRUSSELS

SHARP PRICE cuts for European farmers are advocated in a new report just published by a Bonn-based international study group. But the team of predominantly West German academics says agricultural incomes should be protected in other ways, notably through payments for "environmental services" and direct income support.

The CAP reform strategy outlined in the report is based on a clear separation of the Community's market—and income-orientated policies. The authors point out that the EC's agricultural policy is almost a classic case of "too many goals being achieved with too small a number of instruments." Thus "one instrument (price policy) is at present used to achieve four different goals in the Treaty of Rome, namely productivity increases, farmers' income support, market stabilisation and low consumer prices. Any instrument is inadequate if it has to serve too diverse purposes."

The study maintains that as a "first best" solution market clearing should be achieved by "a reduction of prices in real terms larger in scale than the productivity increase in the agricultural sector. EC prices would then also come closer to an internationally comparable level and thus reduce the need to pay enormous export subsidies—a prime cause of international conflicts."

This policy would be phased in over several years to avoid "unacceptable effects" on farm incomes. Meanwhile, the burden of the CAP would be reduced to the extent that non-farm employment and income are created through the proposed expansion of the EC's structural funds, special "rewards" should be introduced for the environmental services of farmers, whilst direct income support would be provided either by way of compensation for capital losses or by way of direct financial transfers independent of production and environmental services. The "desired" income level, the report stresses, should vary according to the level of income in the region or country concerned.

The study acknowledges that slow economic growth and laborious EC decision making may prove serious obstacles but suggests that modest price cuts at least, a tightening up of the intervention and guarantee mechanisms, and a greater degree of co-responsibility (possibly including guarantee thresholds) will be necessary.

"By comparison quotas not only require comprehensive administrative regulations, but also increase distributional conflicts and are difficult to revoke since quota owners will fight hard to defend their acquis."

*Common Agricultural Policy, European Integration and International Division of Labour; available from Europa Union Verlag, Bachstrasse 32, D-5300, Bonn.*

**LONDON METAL ECHANGE WAREHOUSE STOCKS**
(Change during week ended last Friday)
(tonnes)

| | | |
|---|---|---|
| Aluminium | | |
| standard | −3,825 to | 62,400 |
| high grade | −11,475 to | 23,675 |
| Copper | −3,350 to | 105,350 |
| Lead | −100 to | 19,300 |
| Nickel | −438 to | 3,546 |
| Tin | −235 to | 21,095 |
| Zinc | −2,700 to | 32,850 |
| | (ounces) | |
| Silver | +112,000 to | 204,360,000 |

## Payment delays anger UK exporters

BY BRIDGET BLOOM

DELAYS IN the payment of EC refunds on the export of agricultural produce from Britain are jeopardising exporters' competiveness, the UK Provision Trade Federation has claimed.

The federation, which represents importers and exporters of dairy product, has written to Mr John MacGregor, the Minister of Agriculture, complaining that its members are owed some £75m. It estimates that delays across the board amount to some £300m.

Export refunds are paid by the Intervention Board for Agricultural Produce, the government body which administers the support programme of the EC's common agricultural policy in the UK.

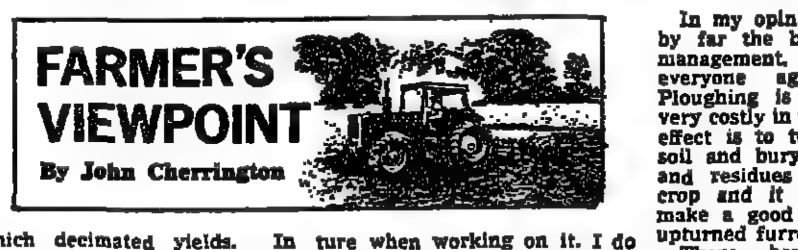
The refunds make up the difference between the generaly low world market prices for agricultural produce and the high internal prices.

The UKPTF says that the Board's 28-day payment target is unsatisfactory, but even that has rarely been met since its monitoring of the Board's performance began in 1985, according to Mr Alan Chandler, the Secretary General. He says payments are frequently delayed for more than 50 days, making British exports uncompetitive with those of other EC states.

An Intervention Board official yesterday acknowledged that the Board's performance had suffered recently, partly because of a shortage of staff, and partly because there had been problems installing a new computer system. IBAP was "keeping its fingers crossed" that the new system would be in operation in the new year, when performance should improve."

The Board had a turnover last year of £2.8bn. Receipts, mainly from the sale of surplus produce, were £563m. It administers some 45 support schemes, ranging from buying and storing surplus commodities to administering border taxes and paying export subsidies. Its administrative costs were £24m in 1986.

## Keeping the land in good heart




By John Cherrington

THERE IS little time for rest after harvest is over these days. Because of the increase in autumn sowing of wheat and winter barley the land has to be cleared of the waste straw, weeds have to be killed and a seed bed worked all in a matter of a very few weeks.

At the same time the days are getting shorter and there is great pressure on a farmer and his men. I have been more stressed by autumn planting than by any other farming operation.

It was not always so. There used to be a rule that one did not plant wheat after wheat. In fact wheat—which was the most profitable crop in the rotation—required special preparation and would usually follow a fallow, grass or a root crop. Unless this rule was observed there was every chance that the second wheat would be subject to various diseases for which there were no known cures. Some of these diseases can be controlled now with modern fungicides and weed killers, but in a bad season, like the past summer, the second wheats can still suffer quite a lot of damage.

The principle of rotating cereals goes back a long way. Farmers discovered the beneficial effects of a clean break between similar varieties of cereals and the same applied to other crops. As a tenant farmer I was bound to respect a certain rotation and when I became my own landlord and could do what I liked I never planted wheat after wheat without a spasm of apprehension—the result no doubt of a guilty conscience.

Sometimes I got away with it and had a good yield but on other occasions I suffered quite bad attacks of a soil-borne disease, aptly called Take All, which decimated yields. In addition any grass weeds which survived the autumn cultivations would have nine months to establish themselves alongside the cereals and perhaps smother a portion of the crop.

There are several grass weeds common in my area of Hampshire, the worst of which are couch, agrostis repens, and tall oat grass, which we call onion couch. These can be killed by sprays at certain times of the year but there is no selective spray which will kill them in a grain crop.

There is another pernicious grass weed, called sterile brome grass, which can smother a crop once it becomes established. I do my best to destroy these grass weeds by autumn cultivations, moving the soil several times in a matter of weeks. In a dry time this works quite well, the couch grass is shaken out of the soil and brought to the surface where it sometimes dies. However, if there is too much moisture it will start growing again. In these circumstances I find it best to forget about autumn planting and reserve the land for a spring sown crop.

These autumn cultivations are very expensive in fuel and spare parts costs—my land is full of flints and the points on my cultivators soon have to be repaired or renewed. But I believe they are essential to keeping the land in good trim. There has been a great deal of talk in recent years of the damage that heavy machines do to the soil structure when working on it. I do not think this is well founded—in any case I am not sure what people mean by soil structure.

It is quite true that if you allow clay land to get wet and then stir it about with a cultivator you are performing the first step for making bricks. Then if you run a heavy machine on it you will press it down so hard that it will stop natural drainage. But this is a temporary effect. Surface soil in my opinion and experience will quite soon recover its qualities by natural means. Plant roots will infiltrate and then shatter the toughest beaten clay in time. A hard frost will assist the process.

It is as well to remember that most of Europe has been farmed for at least 2,000 years and that yields have been progressively increasing all that time. Land has gone out of production on the mountainsides and elsewhere, but that had nothing to do with the way the soil was farmed. It simply became economically unviable.

A farmer's real concern is mainly with the top soil, a matter of 4 to 12 inches deep. This is the living soil which contains the plant food and organisms which make plants grow. This does not wear out as it is constantly renewing itself naturally by absorbing plant residues and mixing with the subsoil. Cultivations assist this process by gradually wearing away the subsoil and mixing it in the whole.

In my opinion the plough is by far the best tool for soil management, although not everyone agrees with me. Ploughing is a slow job and very costly in time and wear. Its effect is to turn over the top soil and bury the weed seeds and residues of the previous crop and it is quite easy to make a good tilth on a fresh upturned furrow.

There have been many attempts to make ploughing obsolete and I have tried most of them. Farmers are suckers for new ideas and I am as impressionable as any.

About 15 years ago I was introduced to a system of minimal cultivation. A Cotswold farmer showed me how it was possible to make a seed bed by simple shallow cultivations. The weeds were sprayed out and the soil left just right to be planted.

I came home thrilled, bought the tackle recommended and set about implementing the new technique. But my soil is not that of the Cotswolds and I had a job to make a seed bed. Then not all weeds could be killed by spraying and sterile brome just delighted in the system. It is always present in the hedges, sheds its seeds into the crop. It bothered lots of people who had taken up the new idea. Research showed that it was best controlled by burying the seeds at least 6 inches deep by ploughing.

So now I see to it that my autumn wheat is sown, as far as possible, as a first crop after grass, peas, beans or oats. Oats for some reason do not carry the wheat diseases. The land is all ploughed before planting and the furrows worked down to make a seed bed. It is time consuming and expensive. But I have found through some bitter experiences that there are no short cuts in farming.

## LONDON MARKETS

ALUMINIUM PRICES on the London Metal Exchange reached 7½-year highs in dollar terms and near record levels in sterling terms yesterday before being trimmed back by profit taking. The dollar-denominated high grade contract closed at $2,045 in the cash position, up $95 from last Friday's close, while the cash standard contract gained £25 to £1,246 a tonne. Dealers attributed the market's strength to continued speculative buying and covering against earlier short sales against a background of tight physical supplies and bullish chart patterns. They also noted technical tightness in the LME itself based on potential options declarations. The copper market was also strong with the three months Grade A quotation hitting a year two-high of £1.144 a tonne at one stage. Existing bullish sentiment was given fresh impetus by Friday's overnight strength in the New York market and the early weakness of sterling against the dollar. A fall in LME warehouse stocks of the metal last week gave further encouragement to buyers, as did the performance of aluminium.

LME prices supplied by Amalgamated Metal Trading.

### ALUMINIUM

| 99.7% purity | Unofficial close (p.m.) $ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 2040-50 | +95 | — |
| 3 months | 1870-80 | +40 | 2050/1870 |

Official closing (am): Cash 2040-50 (1890-1900), three months 1850-70 (1810-20), settlement 2050 (1900). Final Kerb close: —. Ring turnover: 1,200 tonnes.

| 99.5% purity | £ per tonne | | |
|---|---|---|---|
| Cash | 1248-7 | +22 | — |
| 3 months | 1146-5 | +31 | 1151/1144 |

Official closing (am): Cash 1254-5 (1199-1200), three months 1150-1 (1105-7), settlement 1255 (1200). Final Kerb close: 1148-50. Ring turnover: 24,000 tonnes.

### COPPER

| Grade A | Unofficial close £ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 1159-60 | +27.5 | — |
| 3 months | 1143-3.5 | +29 | 1144/1135 |

Official closing (am): Cash 1156-7 (1134-5), three months 1137.5-38 (1114.5-15.5), settlement 1157 (1135). Final Kerb close: 1141.5-42.

| Standard | | | |
|---|---|---|---|
| Cash | 1156-8 | +28 | — |
| 3 months | 1137-9 | +26 | — |

Official closing (am): Cash 1153-5 (1131-3), three months 1131-3 (1110-12), settlement 1155 (1133). US Producer prices: 84.5-88.25 cents per lb. Total ring turnover: 38,375 tonnes.

### LEAD

| | Unofficial close (p.m.) £ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 376-7 | −3 | 376/375.5 |
| 3 Months | 365-7 | −3 | 374/364 |

Official closing (am): 375.5-76 (374-5), three months 367-8 (368-7), settlement 376 (375). Final Kerb close: 363-4. Ring turnover 9,325 tonnes. US Spot: 42 cents per lb.

### NICKEL

| | Unofficial close (p.m.) £ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 3345-50 | +22.5 | 3360 |
| 3 months | 3348-50 | +21.5 | 3355/334 |

Official closing (am): Cash 3359-60 (3340-50), three months 3355-60 (3341-2), settlement 3360 (3350). Final Kerb close: 3345-50. Ring turnover 1,662 tonnes.

### ZINC

| High grade | Unofficial close (p.m.) £ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 479-80 | +7.5 | — |
| 3 months | 460-1 | +7 | 462/475 |

Official closing (am): Cash 474.5-5.5 (473-4), three months 476.5-77 (473-4), settlement 475.5 (474). Final Kerb close: 461-2. Ring turnover: 12,550 tonnes. US Prime Western: 43-43.75 cents per lb.

**LONDON METAL EXCHANGE TRADED OPTIONS**

| | Strike Price | Calls | | Puts | |
|---|---|---|---|---|---|
| | $/tonne | Nov. | | Nov. | |
| Aluminium 99.7% | — | — | | — | |
| | | Nov. | Jan. | Nov. | Jan. |
| Aluminium 99.5% | 1,850 | 126 | 86 | 17 | 113 |
| | 1,900 | 91 | 61 | 31 | 144½ |
| | 1,900 | 40 | — | 80 | — |
| Copper (Grade A) | 1,800 | 91 | 96½ | 22½ | 79 |
| | 1,850 | 60 | 76 | 41 | 105 |
| | 1,900 | 37 | 57 | 67½ | 135 |
| Copper (Grade A) | £/tonne 1,125 | 41½ | 48 | 11½ | 46 |
| | 1,150 | 26½ | 37 | 21 | 59½ |
| | 1,175 | 16½ | 28 | 35 | 75 |

### TIN

KUALA LUMPUR TIN MARKET: Close 16.84 (16.85) ringgit per kg. Down 0.01 ringgit per kg.

### GOLD

| GOLD BULLION (fine ounce) | Oct. 5 |
|---|---|
| Close | $465¼-465¾ (£280¼-281¼) |
| Opening | $465¼-465¾ (£281-281¼) |
| M'n'g fix | $465.00 (£280.969) |
| Aft'n'n fix | $464.35 (£279.773) |
| Day's high | $ — |
| Day's low | $ — |

| GOLD AND PLATINUM COINS | | |
|---|---|---|
| Am Eagle | $459-474 | (£280-292) |
| Mapleleaf | $469¼-472¼ | (£280¼-291) |
| Kr'g'r'nd | $454-457 | (£279¼-281) |
| ½ Krug | $240-241 | (£147¼-148¼) |
| ¼ Krug | $124½-125¼ | (£75¼-77¼) |
| Angel | $456-469 | (£287-289¼) |
| 1/10 Angel | $48-53 | (£29¼-32¼) |
| New Sov. | $107¼-108¼ | (£66-66¼) |
| Old Sov. | $107¼-108¼ | (£66-66¼) |
| Noble Plat. | $585-595 | (£360¼-366¼) |

### MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.90p per kg lw (+0.04). GB—Sheep 165.63p per kg est dcw (+2.95). GB—Pigs 76.96p per kg lw (+3.04).

FUTURES—Pigs: Oct 96.50, sales 11.

### INDICES

**REUTERS**

| Oct. 5 | Oct. 2 | M'th ago | Year ago |
|---|---|---|---|
| 1650.0 | 1641.0 | 1640.6 | 1565.0 |

(Base: September 18 1931=100)

**DOW JONES**

| Dow Jones | Oct. 2 | Oct. 1 | M'th ago | Year ago |
|---|---|---|---|---|
| Spot | 126.75 | 126.37 | — | 122.89 |
| Fut | 131.42 | 130.65 | — | 122.55 |

(Base: December 31 1931=100)

### MAIN PRICE CHANGES

| | Oct. 5 1987 | + or − | Month ago |
|---|---|---|---|
| **METALS** | | | |
| Aluminium | | | |
| Free Market | $2030/050 | +120 | $1560/580 |
| Copper | | | |
| Cash Grade A | £1159.5 | +27.5 | £1055 |
| 3 months | £1143.25 | +29 | £1038.5 |
| Gold Troy oz. | $456 | +2.25 | $463.75 |
| Lead Cash | £376.5 | −2 | £412 |
| 3 months | £366.5 | −3 | £390.5 |
| Nickel | | | |
| Free Mkt | 245/255c | +2 | 237/257c |
| Palladium oz | $133.00 | −0.25 | $138.50 |
| Platinum oz | $567.50 | +1.55 | $603.40 |
| Quicksilver† | $295/305 | | $300/310 |
| Silver troy oz. | 466.40p | +2.40 | 463.10p |
| 3 months | 478.50p | +2.75 | 474.70p |
| Tin | | | |
| free Mkt | £4160/180 | | £4115/145 |
| Tungsten | $65.78 | | $66.47 |
| Wolfram 22.04lb | $58/60 | | $43/55 |
| Zinc | £479.5 | +7.5 | £447 |
| 3 months | £460.5 | +7 | £463.5 |
| producers | $860 | | $860 |
| **OILS** | | | |
| Coconut (Phil) | $425w | | $445 |
| Palm Malayan | ‡ | | $325 |
| Seeds | | | |
| Copra (Phil) | $330 | | $320 |
| Soyabean (U.S.) | $158 | −1 | $148.5 |
| **GRAINS** | | | |
| Barley Fut. Jan | £105.30 | +0.25 | £99.45 |
| Maize | £132.75 | | £157.00 |
| Wheat Fut. Jan | £111.25 | +0.55 | £106.00 |
| No. 2 Hard Wint. | ‡ | | ‡ |
| **OTHERS** | | | |
| Cocoa Ft. Mar. | £1231.5 | | £1243.5 |
| Coffee Ft. Jan | £1421 | +55.5 | £1545.5 |
| Cotton A Ind.* | 79.95c | +0.2 | 84.95c |
| Gas Oil Nov. | $167.5 | +1.75 | $155.25 |
| Rubber (kilo) | 67.25p | +0.5 | 69.75p |
| Sugar (raw) | $159.2w | −1.4 | $146.2 |
| Wooltops 64s | 485p kilo | | 487p kilo |

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. w Oct-Nov u Sept-Oct. y Nov. z Dec. t Nov-Dec.

### SILVER

*Silver was fixed 2.4p an oz higher for spot delivery in the London bullion market yesterday at 465.4p. US cent equivalents of the fixing levels were: spot 756.75c, up 3.4c; three-month 772.8c, up 4.05c; six-month 789.25c, up 3.75c; and 12-month 824.05c, up 5.5c. The metal opened at 466-467½p (755-757c) and closed at 468½-471p (762-764c).*

| SILVER per troy oz | Bullion Fixing price | + or − | L.M.E. p.m. Unoffic'l | + or − |
|---|---|---|---|---|
| Spot | 465.40p | +2.45 | 760c | +15 |
| 3 months | 478.50p | +2.75 | 776c | +14 |
| 6 months | 490.60p | +3.45 | — | — |
| 12 months | 514.45p | +3.65 | — | — |

Three months final kerb 775-7c.

LME—Turnover: 0 (1) lots of 10,000 ozs.

### COFFEE

Robustas opened £80 higher after an accord for the reintroduction of export quotas was reached at the ICO meeting, reports Drexel Burnham Lambert. Heavy commission house buying on the opening comprised of short-covering and technical fresh buying as the market broke out of a seven month trading range. Good trade selling at the highs trimmed gains after New York failed to follow-through after making its dues. General profit-taking by trade and commission houses took market values lower in good volume, and the close was at the lows of the day.

| COFFEE | Yesterday close | + or − | Business done |
|---|---|---|---|
| Nov | 1398-1400 | +61.5 | 1403-1395 |
| Jan | 1420-1422 | +55.5 | 1455-1420 |
| Mar | 1438-1440 | +46.5 | 1474-1440 |
| May | 1457-1458 | +48.5 | 1490-1457 |
| July | 1470-1480 | +40.0 | 1500-1480 |
| Sept | 1490-1500 | +41.0 | 1520-1499 |
| Nov | 1500-1520 | +36.0 | — |

Sales: 11,866 (4,587) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for October 2: Comp daily 1979 107.90 (106.05); 15-day average 104.17 (104.13).

### COCOA

After failing to attract much interest futures ended a dull day unchanged. Physicals experienced the same lack of excitement and, with both producers and consumers absent, drifted to an equally uninteresting finish, reports Gill and Duffus.

| | Yesterday's close £ per tonne | + or − | Business done |
|---|---|---|---|
| Dec | 1199-1200 | +2.0 | 1205-1194 |
| March | 1231-1232 | — | 1238-1225 |
| May | 1252-1253 | — | 1254-1247 |
| July | 1274-1275 | −1.0 | 1275-1268 |
| Sept | 1294-1295 | — | 1295-1289 |
| Dec | 1313-1318 | −1.5 | 1318-1309 |
| March | 1338-1342 | −8.0 | 1340-1338 |

Sales: 1,439 (3,086) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for October 5: 1,501.81 (1,498.85); 10-day average for October 6: 1,527.07 (1,531.90).

### FREIGHT FUTURES

Although the physical market remained firm, futures traded in quiet conditions and prices tended to drift, reports Clarkson Wolff.

| | Close | High/Low | Prev. |
|---|---|---|---|
| Dry Cargo | | | |
| Oct. | 1115 | 1135/1116 | 1125/1130 |
| Jan. | 1215/1216 | 1240/1205 | 1220/1225 |
| Apr. | 1240 | 1240/1235 | 1252 |
| July | 1105 | 1110/1105 | 1110 |
| Oct. | 1190 | — | 1180 |
| Jan. | 1195 | — | 1200 |
| April | 1295 | — | 1300 |
| BFI | 1067.5 | — | 1065 |

Turnover: 131 (355).

### GRAINS

LONDON GRAINS—Wheat: US dark northern spring No 2 14 per cent Oct 99.00, Nov 97.25. US No 2 soft red winter Oct 94.25, Nov 96.50, Dec 98.50. French 11½-12 per cent Oct 135.00 sellers. English feed fob Oct 111.00 nominal seller, Nov 113.00, Dec 114.00, Jan/Mar 115.50 nominal buyers. April/June 119.50 nominal. Maize: US No 3 yellow/French transhipment east coast second-half Oct 132.75 seller. Barley: English feed Oct 107.00 buyer, Oct/Dec 108.00/109.00, Jan/Mar 111.50/112.00 buyer/sellers.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yest'dy's close | + or − | Yest'dy's close | + or − |
| Nov | 109.80 | +0.05 | 105.65 | +0.35 |
| Jan | 111.25 | +0.55 | 105.30 | +0.25 |
| Mar | 113.20 | +0.50 | 107.30 | +0.25 |
| May | 115.40 | +0.20 | 109.10 | +0.35 |
| July | 117.15 | −0.15 | — | — |
| Sept | 100.85 | +0.50 | 97.50 | +0.75 |
| Nov | 102.85 | +0.55 | 100.50 | +0.75 |

Wheat and barley again steadied strongly on firmer country trades with wheat values reaching £1 up before attracting any volume of selling interest, while barley found strong commission house/shipper selling pressure to close on the day's lows, reports T. G. Roddick.

Business done—Wheat: Nov 110.15-9.85, Jan 111.60-1.10, March 113.70-2.90, May 115.85-5.40, July 117.75, Sept and Nov untraded. Sales: 332 lots of 100 tonnes. Barley: Nov 104.00-3.65, Jan 105.60-5.30, March 107.20, May, Sept and Nov untraded. Sales: 102 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 100.40, E Mids 101.60, N East 102.00, Scotland 99.70. The UK monetary coefficient for the week beginning Monday October 12, (based on HGCA calculations using 4 days' exchange rates) is expected to remain unchanged.

### POTATOES

With liftings running some 20 per cent behind the previous three seasons at this stage, the forecast of unsettled weather through to the weekend kept futures steady. In a limited range and thin volume sentiment firmed slowly throughout the session, reports Coley and Harper.

| Month | Yesterday's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Nov. | 84.50 | 83.50 | 84.60-84.00 |
| Feb. | 95.50 | 95.00 | — |
| March | 85.50 | 85.50 | 86.40-86.00 |
| Apr. | 132.50 | 132.00 | 132.70-132.00 |
| May | 145.70 | 145.50 | 145.70-145.00 |
| Nov | 86.00 | — | — |

Sales: 430 (277) lots of 40 tonnes.

### OIL

| | Latest | Change + or − |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel) Oct. | | |
| Arab Light | — | — |
| Arab Heavy | — | — |
| Dubai | 17.15-17.25* | +0.065 |
| Brent Blend | 18.85-19.00 | −0.175 |
| W.T.I. (1pm est) | 19.90-19.95* | +0.10 |
| Forcados (Nigeria) | — | — |
| Urals (cif NWE) | — | — |
| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
| Premium gasoline | 164-167 | −1.5 |
| Gas Oil | 166-167 | +3.5 |
| Heavy fuel Oil | 105-106 | +1 |
| Naphtha | 157-159 | +1 |

* November
Petroleum Argus estimates

### SOYABEAN MEAL

Prices drifted without direction for most of the day. Late commercial selling left prices on a week note, reports Muirpace.

| | Yesterd'ys close £ per tonne | + or − | Business done |
|---|---|---|---|
| October | 135.0-136.5 | −1.25 | — |
| Dec | 135.5-135.2 | −0.15 | 136.5-135.5 |
| Feb | 135.5-138.5 | −0.25 | 135.5 |
| April | 135.5-139.5 | −0.50 | — |
| June | 129.0-136.5 | −0.50 | — |
| August | 126.5-128.5 | +0.50 | — |
| October | 127.0-136.5 | +0.50 | — |

Sales: 135 (82) lots of 20 tonnes.

### COTTON

LIVERPOOL—Spot and shipment sales for the week ending October 2 amounted to 1,098 tonnes against 864 tonnes in the previous week. Moderate trading occurred in a wide variety of types including West African, American, Spanish, Egyptian Colombian, Chinese and Russian.

### SUGAR

LONDON DAILY PRICE—Raw sugar $159.20 (£96.40), down $1.40 (down 60p) a tonne for October-November delivery. White sugar $183.20, down 80c.

| | Yesterd's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| No. 6 Raws | | | |
| Dec | 148.0-148.6 | 145.2-146.8 | 149.0-146.6 |
| Mar | 160.2-160.4 | 152.6-158.0 | 160.2-157.6 |
| May | 164.4-164.8 | 162.0-164.4 | 164.4-165.6 |
| Aug | 168.2-168.4 | 165.0-166.4 | 168.0-167.8 |
| Oct | 172.0-172.4 | 169.6-170.2 | 171.6-170.2 |
| Dec | 175.6-176.2 | 175.2-174.8 | — |
| Mar | 181.8-185.4 | — | — |
| No. 5 Whites | | | |
| Dec | 186.8-187.0 | 184.0-185.0 | 188.4-184.5 |
| Mar | 185.8-193.5 | 191.0-191.8 | 193.4-191.0 |
| May | 197.0-198.0 | 194.8-195.5 | 197.4-195.8 |
| Aug | 200.6-202.0 | [illegible] | 202.0- |
| Oct | [illegible] | 203.5-205.0 | 204.5- |
| Dec | 206.0-210.0 | 205.0-206.5 | 207.5- |
| Mar | 210.0-215.0 | 209.0-212.6 | 212.5- |

Sales: No. 6 1,078 (1,659) lots of 50 tonnes; no. 5 1,026 (1,501).

Tate & Lyle delivery price for granulated basis sugar was £203.00 (£203.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for October 2: Daily price 6.07 (5.98); 15-day average 6.00 (5.95).

PARIS—Whites (FFr per tonne): Dec 1124/1130, Mar 1173/1175, May 1195/1202, Aug 1222/1232, Oct 1246/1256, Dec 1261/1274.

### GAS OIL FUTURES

| Month | Yesterd'ys close US$ per tonne | + or − | Business done |
|---|---|---|---|
| Oct | 167.00 | +3.75 | 167.75-65.75 |
| Nov | 167.50 | +1.75 | [illegible] |
| Dec | 169.50 | +1.75 | 170.50-68.75 |
| Jan | 171.50 | +2.25 | 171.50-70.25 |
| Feb | 170.95 | +3.75 | 170.25 |

Turnover: 7,010 lots of 100 tonnes.

### TEA

At the London tea auction there were 31,259 packages on offer including 3,000 packages offshore, reports the Tea Brokers' Association. An improved and more general demand was seen. Assams attracted increased support with better quality sorts fully firm and mediums descriptions irregular but often dearer by 10-12p. East Africans were dearer by the close except for brighter teas which showed little change. Plain mediums and coloury Central Africans met good competition and advanced by 4-8p. Offshore teas sold readily at fully firm to dearer rates. Quotations: quality 172p a kg (172p); medium 110p a kg (108p); low medium 82p a kg (82p).

## US MARKETS

EARLY TRADE buying took crude oil futures through the 20c level, basis November, before local selling caused the market to back off, reports Drexel Burnham Lambert. Later trade selling forced prices lower in the face of commission house buying and local short-covering. The precious metals were quiet. Light fund and trade buying firmedw silver before profit-taking eased prices. Fund selling weakened platinum, while gold was featureless. Copper firmed on trade and commission house buying in light volume.

Coffee rose sharply on news that an agreement had been reached in the current ICO talks. Trade buying in sugar firmed the market despite commission house and local selling and gains were extended by local short-covering. Rumour of Brazilian buying steadied orange juice.

### NEW YORK

**ALUMINIUM 40,000 lbs: cents/lbs**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 84.75 | 83.70 | — | — |
| Nov | 84.75 | 73.70 | — | — |
| Dec | 84.75 | 83.70 | 85.50 | 84.50 |
| Jan | 82.00 | 80.90 | — | — |
| March | 78.50 | 77.25 | — | — |
| May | 73.25 | 72.00 | — | — |
| July | 70.50 | 69.25 | — | — |
| Sept | 70.50 | 69.25 | — | — |

**COCOA 10 tonnes: $/tonnes**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 83.50 | 81.50 | 83.30 | 83.30 |
| Nov | 83.40 | 81.50 | — | — |
| Dec | 83.30 | 81.50 | 83.50 | 81.70 |
| Jan | 82.70 | 81.00 | 83.00 | 81.60 |
| Mar | 81.50 | 80.05 | 81.60 | 80.20 |
| May | 80.70 | 78.40 | 80.75 | 79.75 |
| July | 78.80 | 78.10 | — | — |
| Sep | 79.40 | 78.40 | — | — |
| Dec | 79.20 | 78.30 | — | — |

**COFFEE "C" 37,500 lbs: cents/lbs**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Dec | 124.68 | 119.05 | 125.01 | 123.90 |
| March | 128.00 | 122.22 | 128.40 | 126.80 |
| May | 129.50 | 123.94 | 129.75 | 127.75 |
| July | 130.50 | 125.00 | 130.50 | 129.00 |
| Sept | 131.5 | 127.00 | 131.50 | 130.25 |
| Dec | 128.76 | 128.35 | — | — |

**COPPER 25,000 lbs: cents/lbs**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 83.50 | 81.50 | 83.30 | 83.30 |
| Nov | 83.40 | 81.50 | — | — |
| Dec | 83.30 | 81.50 | 83.50 | 81.70 |
| Jan | 82.70 | 81.00 | 83.00 | 81.60 |
| March | 81.50 | 80.05 | 81.60 | 80.20 |
| May | 80.70 | 78.40 | 80.75 | 79.75 |
| July | 78.80 | 78.10 | — | — |
| Sept | 79.40 | 78.40 | — | — |
| Dec | 79.20 | 78.30 | — | — |

**COTTON 50,000 lbs: cents/lbs**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 72.45 | 72.50 | | 72.40 |
| Dec | 71.04 | 71.75 | 72.10 | 71.00 |
| March | 72.65 | 73.78 | 73.58 | 72.50 |
| May | 73.40 | 74.50 | 74.30 | 72.40 |
| July | 73.32 | 74.33 | 74.10 | 73.25 |
| Oct | 67.82 | 68.18 | — | — |
| Dec | 66.20 | 66.75 | 67.25 | 66.00 |

**CRUDE OIL (LIGHT) 42,000 US gallons: $/barrels**

| | Latest | Prev | High | Low |
|---|---|---|---|---|
| Nov | 19.85 | 19.86 | 20.08 | 19.85 |
| Dec | 19.77 | 19.77 | 19.98 | 19.77 |
| Jan | 19.69 | 19.70 | 19.89 | 19.68 |
| Feb | 19.66 | 19.64 | 19.81 | 19.62 |
| Mar | 19.55 | 19.56 | 19.74 | 19.60 |
| April | 19.56 | 19.62 | 19.66 | 19.52 |
| May | 19.50 | 19.47 | 19.50 | 19.50 |
| June | 19.50 | 19.44 | 19.50 | 19.50 |
| July | 19.50 | 19.41 | — | — |
| Aug | 19.60 | 19.39 | — | — |

**GOLD 100 troy oz: $/troy oz**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 457.3 | 454.5 | 457.2 | 456.0 |
| Nov | 459.7 | 457.2 | — | — |
| Dec | 462.8 | 460.3 | 462.9 | 461.1 |
| Feb | 469.3 | 466.7 | 469.5 | 467.7 |
| April | 475.2 | 473.2 | 475.6 | 474.2 |
| June | [illegible] | 478.7 | 483.0 | 480.5 |
| Aug | 486.1 | 484.5 | — | — |
| Sept | 480.0 | 480.1 | 461.0 | 461.0 |
| Oct | 496.4 | 491.6 | — | — |
| Dec | 503.7 | 500.8 | 502.6 | 501.7 |
| Feb | 511.2 | 509.2 | — | — |
| June | 526.4 | 523.2 | 524.0 | 524.0 |
| Aug | 534.2 | 530.9 | — | — |

**HEATING OIL 42,000 US gallons; cents/US gallons**

| | Latest | Prev | High | Low |
|---|---|---|---|---|
| Nov | 55.80 | 55.55 | 56.40 | 55.75 |
| Dec | 56.10 | 56.06 | 56.90 | 56.10 |
| Jan | 56.40 | 56.43 | 57.24 | 56.40 |
| Feb | 56.35 | 56.30 | 57.10 | 56.35 |
| March | 54.35 | 54.25 | 55.00 | 54.30 |
| April | 52.90 | 52.72 | 53.50 | 52.90 |
| May | 51.75 | 51.42 | 52.35 | 52.20 |
| June | 51.60 | 50.62 | 51.60 | 51.40 |

**ORANGE JUICE 15,000 lbs: cents/lbs**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Nov | 140.50 | 136.20 | 142.00 | 136.3 |
| Jan | 137.65 | 133.30 | 138.30 | 134.0 |
| March | 137.30 | 133.50 | 138.20 | 134.2 |
| May | 137.30 | 133.90 | 138.50 | 134.4 |
| July | 137.20 | 133.85 | 137.50 | 134.5 |
| Nov | 125.75 | 133.50 | 135.75 | 134.5 |
| Jan | 135.00 | 133.40 | — | — |

**PLATINUM 50 troy oz—$/troy oz**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 576.0 | 572.0 | 576.0 | 567. |
| Dec | 582.0 | 578.5 | | |
| Jan | 585.0 | 582.0 | 586.0 | 577. |
| Apr | 593.6 | 590.8 | 593.5 | 585. |
| Jul | 602.6 | 599.8 | 602.0 | 596. |
| Oct | 611.9 | 609.1 | 609.0 | 609. |
| Jan | 621.4 | 618.6 | — | — |

**SILVER 5,000 troy oz: cents/troy oz**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 762.2 | 754.6 | — | — |
| Nov | 767.0 | 760.0 | — | — |
| Dec | 772.0 | 765.0 | 776.0 | 767. |
| Jan | 777.1 | 770.0 | — | — |
| Mar | 789.2 | 782.0 | 791.0 | 783. |
| May | 800.9 | 793.7 | — | — |
| July | 812.8 | 805.6 | 812.0 | 810. |
| Sep | 825.3 | 818.1 | — | — |

**SUGAR WORLD "11" 112,000 lbs: cents/lbs**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Jan | 6.90 | 6.55 | — | — |
| March | 7.19 | 7.09 | 7.18 | 7.0 |
| May | 7.37 | 7.27 | 7.38 | 7.2 |
| July | 7.54 | 7.43 | 7.55 | 7.4 |
| Oct | 7.70 | 7.64 | 7.72 | 7.6 |
| Jan | 7.89 | 7.79 | — | — |
| March | 8.26 | 8.08 | — | — |

### CHICAGO

**LIVE CATTLE 40,000 lbs: Cents/lbs**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 67.02 | 67.52 | 62.42 | 66.3 |
| Dec | 65.85 | 66.47 | 66.15 | 65.4 |
| Feb | 65.10 | 65.92 | 65.75 | 64.5 |
| Apr | 66.65 | 67.52 | 67.35 | 66.1 |
| Jun | 66.70 | 67.35 | 67.30 | 66.1 |
| Aug | 65.40 | 66.40 | 66.20 | 64.8 |
| Oct | 64.05 | 64.80 | 65.00 | 64.0 |

**LIVE HOGS 30,000 lbs: Cents/lbs**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 49.30 | 48.86 | 49.37 | 48.5 |
| Dec | 46.47 | 46.32 | 46.55 | 45.7 |
| Feb | 44.27 | 44.02 | 44.37 | 43.7 |
| Apr | 41.40 | 41.30 | 41.62 | 40.8 |
| Jun | 43.85 | 43.67 | 44.10 | 43.5 |
| Jul | 44.17 | 44.20 | 44.17 | 43.7 |
| Aug | 42.55 | 42.40 | 42.60 | 42.2 |
| Oct | 39.75 | 39.66 | 39.75 | 38.8 |
| Dec | 40.25 | 40.25 | — | — |

**MAIZE 5,000 bu min; cents/56lb-bushel**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Dec | 185.0 | 185.0 | 186.0 | 183. |
| Mar | 193.0 | 193.0 | 193.4 | 191. |
| May | 197.4 | 197.6 | 197.6 | 195. |
| Jul | 199.4 | 199.6 | 200.0 | 198. |
| Sep | 194.4 | 194.4 | 195.0 | 194. |
| Dec | 195.0 | 194.6 | 196.4 | 194. |
| Mar | 202.2 | 202.0 | — | — |

**PORK BELLIES 38,000 lbs; cents/lbs**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Feb | 58.50 | 57.65 | 58.65 | 57.0 |
| March | 58.30 | 57.47 | 58.35 | 56.6 |
| May | 58.97 | 58.07 | 58.97 | 57.9 |
| July | 58.90 | 58.30 | 58.90 | 57.7 |

**SOYABEANS 5,000 bu min; cents/60lb bushel**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Nov | 538.6 | 541.2 | 543.4 | 538. |
| Jan | 546.4 | 547.6 | 549.4 | 546. |
| March | 553.4 | 556.0 | 556.4 | 553. |
| May | 559.6 | 561.4 | 562.4 | 559. |
| July | 563.2 | 565.2 | 565.4 | 562. |
| Aug | 565.0 | 560.0 | 561.0 | 558. |
| Sept | 546.0 | 546.0 | 546.4 | 545. |
| Nov | 541.6 | 541.6 | 543.0 | 540. |

**SOYABEAN MEAL 100 tons; $/ton**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 177.3 | 178.5 | 178.9 | 177. |
| Dec | 172.6 | 173.4 | 175.0 | 172. |
| Jan | 169.9 | 170.2 | 171.8 | 169. |
| March | 167.9 | 169.0 | 169.6 | 167. |
| May | 166.9 | 166.9 | 167.5 | 166. |
| July | 165.0 | 165.2 | 166.0 | 164. |
| Aug | 164.5 | 164.5 | 165.5 | 164. |
| Sep | 163.5 | 163.5 | 164.5 | 163. |
| Oct | 162.7 | 163.5 | 162.5 | 163. |
| Dec | 162.9 | 162.5 | 163.5 | 162. |

**SOYABEAN OIL 60,000 lbs; cents/lbs**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 16.88 | 16.89 | 16.89 | 16.7 |
| Dec | 17.22 | 17.22 | 17.28 | 17.0 |
| Jan | 17.43 | 17.45 | 17.46 | 17.2 |
| Mar | 17.76 | 17.78 | 17.76 | 17.5 |
| May | 17.95 | 17.95 | 18.05 | 17.8 |
| July | 18.22 | 18.22 | 18.25 | 18.1 |
| Aug | 18.26 | 18.32 | 18.20 | 18.3 |
| Sept | 18.25 | 18.30 | 18.20 | 18.3 |
| Oct | 18.25 | 18.30 | 18.20 | 18.3 |
| Dec | 18.50 | 18.55 | 18.50 | 18.5 |

**WHEAT 5,000 bu min; cents/60lb-bushel**

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Dec | 298.4 | 299.6 | 299.6 | 296. |
| Mar | 306.2 | 308.0 | 308.4 | 304. |
| May | 304.4 | 301.4 | 304.4 | 300. |
| Jul | 286.0 | 283.2 | 286.0 | 282. |
| Sep | 289.0 | 285.0 | — | — |
| Dec | 289.0 | 290.0 | — | — |

SPOT PRICES: Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 760.0 (760.0) cents per troy ounce. New York tin 314-315 (same) cents per pound.

# CURRENCIES, MONEY & CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar lacks new factors

THE DOLLAR was little changed in a generally thin foreign exchange market. Trading was confined to a narrow range, with no new factors to influence the US currency.

Dealers noted upward resistance at just below DM 1.85 and Y147.50 but also suggested the market is unlikely to test the resolve of central banks with heavy selling pressure.

The Group of Seven agreement on currency stability, endorsed at the recent Washington meeting, tended to underpin the dollar, and support was also provided by Iranian threats about a possible conflict with the US in the Gulf.

With the currency locked between the reluctance of the market to push it higher and the threat of central bank intervention, dealers were not expecting any significant move ahead of the US trade figures for August on October 14.

Recent trade figures from Japan and West Germany, have suggested the US trade deficit in August may have fallen from the record $16.47bn in July.

The dollar rose to DM 1.8425 from DM 1.8420; to FFr 6.1325 from FFr 6.1275; to SFr 1.5355 from SFr 1.5345; and to Y146.80 from Y146.35.

On Bank of England figures the dollar's index was unchanged at 102.3.

**STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. September average 1.6456. Exchange rate index rose 0.1 to 73.0, compared with 71.9 six months ago.**

Sterling had an underlying firm tone, ahead of the Conservative Party conference, starting today. The main event for the market is likely to be the speach by Mr Nigel Lawson, Chancellor of the Exchequer, on Thursday, when dealers suspect he may make reference to the pound's possible entry into the European Monetary System, and to the level of public borrowing.

There are unlikely to be any further factors moving sterling, unless the market is caught by a surprising change in Friday's retail prices index for September.

The pound opened weaker against the dollar, but recovered to finish ¼ cent higher on the day at $1.6235-1.6245. It also rose to DM 2.9925 from DM 2.9875; to FFr9.96 from FFr9.9350; to SFr2.4925 from SFr2.4875; and to Y238.50 from Y237.25.

**D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. September average 1.8122. Exchange rate index 146.1 against 147.0 six months ago.**

Trading was quiet, with no new factors to influence the market. Dealers were not prepared to buy the US currency on a large scale, but also feared central bank intervention to prevent the dollar falling. The Bundesbank did not intervene when the dollar rose to DM1.8444 from DM1.8408 at the Frankfurt fixing.

**JAPANESE YEN — Trading range against the dollar in 1987 is 159.45 to 138.35. September average 143.19. Exchange rate index 217.9 against 218.8 six months ago.**

The yen weakened against the dollar in Tokyo. The US currency rose to a peak of Y147.45, but retreated after failing to break through resistance at Y147.50. Japanese investment houses were keen early buyers, but exporters were sellers later in the day, and the dollar also fell back on profit taking. It finished at Y147.20, compared with Y146.30 on Friday.

## £ IN NEW YORK

| Oct. 5 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.6265-1.6275 | 1.6180-1.6190 |
| 1 month | 0.34-0.32pm | 0.34-0.32pm |
| 3 months | 0.77-0.73pm | 0.77-0.75pm |
| 12 months | 2.15-2.05pm | 2.14-2.08pm |

Forward premiums and discounts apply to the U.S. dollar.

## STERLING INDEX

| | | Oct. 5 | Previous |
|---|---|---|---|
| 8.30 | am | 72.9 | 72.9 |
| 9.00 | am | 72.9 | 72.9 |
| 10.00 | am | 73.0 | 72.9 |
| 11.00 | am | 73.0 | 72.9 |
| Noon | | 73.0 | 72.9 |
| 1.00 | pm | 73.0 | 72.9 |
| 2.00 | pm | 73.1 | 72.9 |
| 3.00 | pm | 73.0 | 72.9 |
| 4.00 | pm | 73.0 | 72.9 |

## CURRENCY RATES

| Oct. 5 | Bank rate % | Special* Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.787151 | 0.694262 |
| U.S. Dollar | 6 | 1.27794 | 1.12748 |
| Canadian $ | 8.75 | 1.67167 | 1.47565 |
| Austrian Sch. | 4 | 16.5532 | 14.6178 |
| Belgian Franc | 7¼ | 48.8205 | 43.1346 |
| Danish Krone | 7 | 9.03823 | 7.99271 |
| Deutsche Mark | 3 | 2.35243 | 2.07761 |
| Neth. Guilder | 4½ | 2.64597 | 2.33761 |
| French Franc | 9½ | 7.83122 | 6.91597 |
| Italian Lira | 12 | 1696.81 | 1498.99 |
| Japanese Yen | 2½ | 187.154 | 165.571 |
| Norway Krone | 8 | 8.59159 | 7.58851 |
| Spanish Peseta | — | 156.236 | 137.778 |
| Swedish Krona | 7½ | 8.24016 | 7.27789 |
| Swiss Franc | 3.5 | 1.95972 | 1.73181 |
| Greek Drach. | 20½ | 180.030 | 159.212 |
| Irish Punt | — | 0.877162 | 0.773625 |

* SDR rate for Oct. 2

## CURRENCY MOVEMENTS

| Oct. 5 | Bank of England Index | Morgan Guaranty* Changes % |
|---|---|---|
| Sterling | 73.0 | −20.4 |
| U.S. Dollar | 102.3 | −5.1 |
| Canadian Dollar | 79.4 | −9.0 |
| Austrian Schilling | 136.8 | +10.0 |
| Belgian Franc | 99.4 | −4.9 |
| Danish Krone | 85.1 | +0.9 |
| Deutsche Mark | 146.1 | +21.2 |

## EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu Oct. 2 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 42.4582 | 43.1346 | +1.59 | +0.86 | ± 1.5344 |
| Danish Krone | 7.85212 | 7.99271 | +1.79 | +1.06 | ± 1.6404 |
| German D-Mark | 2.05853 | 2.07761 | +0.93 | +0.20 | ± 1.0981 |
| French Franc | 6.90403 | 6.91597 | +0.17 | −0.56 | ± 1.3674 |
| Dutch Guilder | 2.31943 | 2.33761 | +0.78 | +0.05 | ± 1.5012 |
| Irish Punt | 0.768411 | 0.773625 | +0.68 | −0.05 | ± 1.6684 |
| Italian Lira | 1,483.58 | 1498.99 | +1.04 | +0.65 | ± 4.0752 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## POUND SPOT—FORWARD AGAINST THE POUND

| Oct. 5 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.6170-1.6255 | 1.6235-1.6245 | 0.35-0.32 c pm | 2.48 | 0.77-0.73 pm | 1.85 |
| Canada | 2.1125-2.1284 | 2.1240-2.1250 | 0.20-0.11 c pm | 0.88 | 0.29-0.17 pm | 0.43 |
| Netherlands | 3.36-3.37¼ | 3.36-3.37 | 1½-1¼ c pm | 5.35 | 3⅞-3⅝ pm | 4.46 |
| Belgium | 62.00-62.72 | 62.05-62.15 | 22-18 c pm | 3.86 | 3⅝-3¼ pm | 0.25 |
| Denmark | 11.48½-11.52½ | 11.50½-11.51½ | 1⅝-1¼ ore pm | 1.43 | 3½-½ pm | 0.70 |
| Ireland | 1.1125-1.1180 | 1.1150-1.1160 | 0.16-0.10 p pm | 1.40 | 0.43-0.26 pm | 1.24 |
| W. Germany | 2.98¼-2.99¼ | 2.98¾-2.99¾ | 1⅝-1½ pf pm | 6.27 | 4¼-4 pm | 5.51 |
| Portugal | 234.54-236.44 | 235.05-235.95 | 20-74c dis | −2.39 | 111-200 dis | −2.64 |
| Spain | 198.30-198.94 | 198.30-198.60 | 15-50 c dis | −1.97 | 129-181 dis | −3.12 |
| Italy | 2152¾-2162¼ | 2157¼-2158¼ | par-4 lire dis | −1.11 | 8-12 dis | −1.85 |
| Norway | 10.90½-10.94½ | 10.92½-10.93½ | 3⅞-4 ore dis | −4.05 | 9-9⅝ dis | −3.41 |
| France | 9.94¼-9.96¼ | 9.95½-9.96½ | 2⅛-1⅞c pm | 2.41 | 4⅞-4½ pm | 1.88 |
| Sweden | 10.45½-10.49¾ | 10.47½-10.48½ | 1⅛-⅝ ore pm | 1.00 | 2-1⅛ pm | 0.62 |
| Japan | 238-239 | 238-239¼ | 1⅜-1¼ y pm | 6.60 | 3⅝-3⅜ pm | 5.45 |
| Austria | 21.01-21.13 | 21.05-21.08 | 11⅞-10¼ gro pm | 6.09 | 29½-27¼ pm | 5.40 |
| Switzerland | 2.48¼-2.49¼ | 2.48¾-2.49¾ | 1⅝-1½ c pm | 7.22 | 3⅝-3½ pm | 5.72 |

## DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

| Oct. 5 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.6170-1.6255 | 1.6235-1.6245 | 0.35-0.32c pm | 2.48 | 0.77-0.73pm | 1.85 |
| Ireland† | 1.4521-1.4577 | 1.4555-1.4565 | 0.13-0.08c pm | 0.87 | 0.30-0.20c pm | 0.69 |
| Canada | 1.3055-1.3095 | 1.3080-1.3090 | 0.16-0.19c dis | −1.61 | 0.45-0.48 dis | −1.42 |
| Netherlands | 2.0715-2.0790 | 2.0720-2.0730 | 0.48-0.45c pm | 2.69 | 1.38-1.35pm | 2.63 |
| Belgium | 38.20-38.35 | 38.20-38.30 | 1dis-par | −0.16 | 2-1pm | 0.16 |
| Denmark | 7.08¼-7.10¼ | 7.08½-7.09 | 0.60-1.30ore dis | −1.61 | 2.15-2.85 dis | −1.41 |
| W. Germany | 1.8400-1.8480 | 1.8420-1.8430 | 0.62-0.58pf pm | 3.90 | 1.71-1.66pm | 3.65 |
| Portugal | 145-145½ | 145-145¼ | 45-75c dis | −4.94 | 140-190 dis | −2.68 |
| Spain | 122.10-122.60 | 122.20-122.30 | 35-55c dis | −4.41 | 135-165 dis | −4.90 |
| Italy | 1328-1333 | 1328¾-1329¾ | 3-4lire dis | −3.38 | 11¾-13¾dis | −3.76 |
| Norway | 6.72¾-6.75 | 6.72¾-6.73¾ | 3.30-3.65ore dis | −6.19 | 8.75-9.15dis | −5.32 |
| France | 6.12¾-6.15 | 6.13-6.13½ | 0.02-0.08c pm | 0.06 | 0.15-0.15pm | — |
| Sweden | 6.44¾-6.46¼ | 6.45-6.45½ | 0.55-0.85ore dis | −1.30 | 1.80-2.20 dis | −1.24 |
| Japan | 146.60-147.25 | 146.75-146.85 | 0.50-0.47y pm | 3.96 | 1.33-1.28 pm | 3.55 |
| Austria | 12.95¾-13.00¼ | 12.96½-12.97 | 4.10-3.70gro pm | 3.60 | 12.00-11.00pm | 3.54 |
| Switzerland | 1.5340-1.5400 | 1.5350-1.5360 | 0.61-0.58c pm | 4.64 | 1.58-1.47 pm | 3.89 |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.40-38.50

## EURO-CURRENCY INTEREST RATES

| Oct. 5 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | 9⅞-9⅝ | 9⅞-9⅝ | 10-9⅞ | 10¼-10⅛ | 10⅜-10¼ | 10⅜-10⅜ |
| U.S. Dollar | 7⅜-7⅜ | 7⅜-7⅜ | 7⅞-7⅜ | 8⅜-8⅜ | 8⅝-8⅝ | 9-8⅞ |
| Can. Dollar | 8⅞-8⅝ | 9-8⅝ | 9⅞-8⅞ | 9⅞-9⅞ | 10⅜-9⅞ | 10⅞-10⅜ |
| D. Guilder | 5-4⅞ | 5⅛-5 | 5⅜-5⅜ | 5⅝-5⅜ | 5⅝-5⅝ | 5⅞-5⅝ |
| Sw. Franc | 2⅛-1⅞ | 2⅛-1⅞ | 3½-3⅜ | 4⅛-4⅛ | 4⅛-4⅛ | 4⅜-4⅛ |
| Deutschmark | 3¾-3⅝ | 3⅞-3⅝ | 4⅛-3⅞ | 4⅜-4⅜ | 4⅜-4⅜ | 4⅞-4⅞ |
| Fr. Franc | 7½-7⅜ | 7⅝-7½ | 7⅝-7⅝ | 8⅝-8⅝ | 8⅞-8⅞ | 9⅛-9 |

Long-term Eurodollars: Two years 9⅛-9⅛ per cent; three years 9⅝-9⅝ per cent; four years 10-9⅞ per cent; five years 10⅛-9⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

## EXCHANGE CROSS RATES

| | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| F Fr. | 1.004 | 1.631 | 3.005 | 239.5 | 10. | 2.509 | 3.379 | 2167. | 2.143 | 62.36 |
| S Fr. | 0.401 | 0.652 | 1.201 | 95.69 | 3.996 | 1. | 1.350 | 865.9 | 0.856 | 24.91 |
| H Fl. | 0.297 | 0.483 | 0.889 | 70.88 | 2.960 | 0.741 | 1. | 641.4 | 0.634 | 18.45 |
| Lira | 0.463 | 0.752 | 1.387 | 110.5 | 4.615 | 1.155 | 1.589 | 1000. | 0.989 | 28.77 |
| C $ | 0.468 | 0.761 | 1.402 | 111.7 | 4.666 | 1.168 | 1.576 | 1011. | 1. | 29.09 |
| B Fr. | 1.610 | 2.615 | 4.819 | 384.1 | 16.04 | 4.014 | 5.419 | 3475. | 3.437 | 100. |

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

## FINANCIAL FUTURES

# Subdued trading

TRADING WAS rather quiet in the London International Financial Futures Exchange yesterday. Traders were reluctant to open fresh positions in the absence of any major economic data due for release this week.

UK gilt stocks opened on a firmer note in line with a stronger US bond market. However there was a complete absence of any follow through and the relatively low volume tended to underline the rather passive nature of many traders.

The December gilt price opened at 114-20 for December delivery and traded up to a high of 115-00 before slipping away to a low of 114-16. Early interest failed to attract any follow through demand and the contract ended at 114-26 up from 114-08.

Three-month sterling deposits acted in much the same way, opening at 89.62 for December delivery and trading between a high of 89.70 and a low of 89.61 before finishing at 89.68.

US Treasury bonds were higher after a steady to firm dollar. However, the stronger opening in London of 82-10 for December delivery was soon eroded to a low of 82-01 before recovering to close at 82-06.

Dealers were a little anxious because there was speculation that a rise in Japanese interest rates would push up rates elsewhere but three-month Euro-dollar deposits managed to show a respectable gain on the day, opening stronger at 91.44 for December delivery up from 91.30 and touching a high of 91.45 before closing at 91.42.

Japanese Government bonds opened at 94.70 for December delivery, up from 94.70 on Friday and traded between a high of 95.50 and a low of 94.60 before closing at 95.20 from $96.39.

**LIFFE LONG GILT FUTURES OPTIONS**

| Strike Price | Calls—Last Dec | Calls—Last March | Puts—Last Dec | Puts—Last March |
|---|---|---|---|---|
| 104 | 10.52 | 11.03 | 0.00 | 0.14 |
| 106 | 8.54 | 9.20 | 0.02 | 0.26 |
| 108 | 6.59 | 7.39 | 0.07 | 0.45 |
| 110 | 5.04 | 6.04 | 0.16 | 1.10 |
| 112 | 3.25 | 4.44 | 0.37 | 1.50 |
| 114 | 2.02 | 3.33 | 1.14 | 2.39 |
| 116 | 1.07 | 2.35 | 2.19 | 3.41 |
| 118 | 0.33 | 1.50 | 3.45 | 4.56 |

Estimated volume total, Calls 1,924 Puts 1,139
Previous day's open int: Calls 28,157 Puts 19,953

**LIFFE US TREASURY BOND FUTURES OPTIONS**

| Strike Price | Calls—Last Dec | Calls—Last March | Puts—Last Dec | Puts—Last March |
|---|---|---|---|---|
| 76 | 6.22 | 5.62 | 0.10 | 0.42 |
| 78 | 4.38 | 4.30 | 0.26 | 1.10 |
| 80 | 3.00 | 3.14 | 0.52 | 1.58 |
| 82 | 1.45 | 2.13 | 1.33 | 2.57 |
| 84 | 0.54 | 1.28 | 2.42 | 4.08 |
| 86 | 0.24 | 0.57 | 4.12 | 5.37 |
| 88 | 0.10 | 0.34 | 5.62 | 7.14 |
| 90 | 0.03 | 0.19 | 7.55 | 8.63 |

Estimated volume total, Calls 130 Puts 36
Previous day's open int: Calls 1,361 Puts 536

**LIFFE FT-SE 100 INDEX FUTURES OPTIONS**

| Strike Price | Calls—Last Oct. | Calls—Last Nov. | Puts—Last Oct. | Puts—Last Nov. |
|---|---|---|---|---|
| 23000 | 14.72 | 16.05 | 0.37 | 1.70 |
| 23250 | 12.49 | 14.11 | 0.64 | 2.26 |
| 23500 | 10.38 | 12.29 | 1.03 | 2.94 |
| 23750 | 8.45 | 10.60 | 1.40 | 3.75 |
| 24000 | 6.71 | 9.05 | 2.36 | 4.70 |
| 24250 | 5.19 | 7.65 | 3.34 | 5.80 |
| 24500 | 3.90 | 6.40 | 4.55 | 7.05 |
| 24750 | 2.85 | 5.29 | 6.00 | 8.44 |

Estimated volume total, Calls 51 Puts 53
Previous day's open int: Calls 77 Puts 58

**LIFFE—STERLING £25,000 $ per £**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec. | 1.6157 | —0 | — | 1.6155 |
| Mar. | 1.6101 | 1.6065 | 1.6065 | 1.6095 |

Estimated volume 15 (13)
Previous day's open int 356 (356)

**SWISS FRANC (IMM)**
SFr 125,000 — per SFr

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | 0.6561 | 0.6574 | 0.6560 | 0.6558 |
| Mar. | 0.6625 | 0.6635 | 0.6623 | 0.6619 |
| Jun. | 0.6698 | 0.6698 | 0.6695 | 0.6684 |

**STANDARD & POORS 500 INDEX**
$500 times index

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Dec. | 330.10 | 331.80 | 328.90 | 331.10 |
| Mar. | 333.60 | 335.40 | 332.55 | 335.10 |
| June | 337.00 | 339.00 | 336.20 | 338.60 |
| Sep. | 340.20 | 342.50 | 339.70 | 341.85 |

## MONEY MARKETS

# London rates stay steady

INTEREST RATES were virtually unchanged in the London money market yesterday. Period rates were probably a fraction easier where changed with three-month interbank money at 10¼-10⅛ per cent compared with 10⅜-10¼ per cent on Friday.

Sterling remained steady and in the absence of any fresh economic data, there was little incentive to move outside the current range.

**UK clearing bank base lending rate 10 per cent since August 7**

Overnight interbank money opened at 10-9¾ per cent and eased steadily to a low of 6 per cent in the afternoon. However, some traders found it difficult to balance books because of an electricity fault and closing rates went back to 10 per cent.

The Bank of England forecast a shortage of around £200m with factors affecting the market including bills maturing in official bands and the repayment of late assistance together with a take up of Treasury bills draining £450m and Exchequer transactions a further £60m. In addition banks brought forward balances £70m below target. These were partly offset by a fall in the note circulation which added £385m.

The Bank revised the forecast to a shortage of around £350m and the Bank gave assistance in the morning of £208m through outright purchases of £40m of Treasury bills and £168m of eligible bank bills all in band 1 at 9⅞ per cent.

There was no intervention in the afternoon but the Bank gave late assistance of £190m, making a total of £398m.

In Frankfurt call money was quoted at 3.75 per cent, unchanged from Friday. Trading was quiet as dealers awaited today's expected sale and repurchase facility, which it was hoped would replace a maturing agreement of DM 4.9bn. The amount of the new repurchase agreement was expected to be considerably in excess of the previous facility because commercial banks are facing a drain of at least DM 3bn as payments are made today on the Government's latest bond offering.

While dealers expected an unchanged rate of discount today, some traders expressed a fear that a modest rise would be in order to counteract the rise in interest rates in the US and Japan.

## FT LONDON INTERBANK FIXING

| (11.00 a.m. Oct. 5) 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 8⅞ | offer 8⅞ | bid 8⅞ | offer 8½ |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## MONEY RATES

**NEW YORK (Lunchtime)**

| | | Treasury Bills and Bonds | | | |
|---|---|---|---|---|---|
| Prime rate | 8¾ | One month | 6.13 | Three year | 8.90 |
| Broker loan rate | 8¾ | Two month | 6.45 | Four year | 8.99 |
| Fed. funds | 7⅝ | Three month | 6.87 | Five year | 9.26 |
| Fed funds at intervention | 7⅞ | Six month | 7.10 | Seven year | 9.50 |
| | | One year | 7.94 | 10 year | 9.67 |
| | | Two year | 8.64 | 30 year | 9.77 |

| October 5 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 3.75-3.85 | 3.90-4.05 | 3.90-4.05 | 4.45-4.60 | 4.50-4.65 | 5.0 |
| Paris | 7½-7⅝ | 7⅜-7⅞ | 7⅞-7⅞ | 7⅞-8⅛ | 8⅛-8⅜ | 7½ |
| Zurich | 2-1½ | 3⅛-3½ | — | 4-4⅛ | — | — |
| Amsterdam | 5⅛-5⅛ | 5⅛-5⅛ | — | 5⅛-5⅞ | — | — |
| Tokyo | 3.53125 | 3.78125 | — | 3.90625 | — | — |
| Milan | 11½-12 | 11⅞-12⅛ | — | 12⅛-12⅜ | — | — |
| Brussels | 4.25 | 6⅛-6½ | — | 6⅛-6⅞ | — | — |
| Dublin | 8⅞-8⅝ | 8⅞-9⅛ | 9-9⅛ | 9⅛-9⅞ | 9½-9¾ | — |

## LONDON MONEY RATES

| October 5 | Overnight | 7 days notice | Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank | 11-6 | 10-9⅞ | 10⅛-9⅞ | 10¼-10⅛ | 10⅜-10¼ | 10⅜-10⅜ |
| Sterling CDs | — | — | 9⅞-9⅞ | 10⅛-10 | 10⅛-10⅛ | 10⅛-10¼ |
| Local Auth'rity Deps. | 9⅞ | 9⅞ | 9⅞ | 10⅛ | 10¼ | 10⅜ |
| Local Authority Bonds | — | — | 10¼ | 10⅜ | 10⅝ | 10⅞ |
| Discount Mkt Deps. | 9⅞-8 | 9⅞ | 9⅞ | 9⅞ | — | — |
| Company Deposits | 9½ | 9⅞ | 9⅞-9⅞ | 10⅛ | 10⅜ | 10⅜ |
| Finance House Deposits | — | — | 9⅞ | 10¼ | 10⅜ | 10⅜ |
| Treasury Bills (Buy) | — | — | 9⅞ | 9⅞ | — | — |
| Bank Bills (Buy) | — | — | 9⅞ | 9⅞ | 9⅞ | — |
| Fine Trade Bills (Buy) | — | — | 10⅞ | 10⅞ | 10⅞ | — |
| Dollar CDs | — | — | 7.65-7.60 | 8.20-8.15 | 8.35-8.30 | 8.90-8.85 |
| SDR Linked Deposits | — | — | 6½-6¼ | 7⅛-6⅞ | 7⅞-7 | 7½-7¼ |
| ECU Linked Deposits | — | — | 7-6⅞ | 7½-7⅜ | 7⅝-7½ | 7⅞-7⅞ |

Treasury Bills (sell): one-month 9⅞ per cent; three-months 9⅞ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.7467 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 30, 1987. Agreed rates for period October 26 to November 24 1987, Scheme I: 11.42 p.c., Schemes II & III: 11.47 p.c. Reference rate for period August 29 to September 30, 1987, Scheme IV: 10.219p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from October 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¾ per cent; three-six months 10 per cent; six-nine months 10¼ per cent; nine-12 months 10⅛ per cent; Under £100,000 6 per cent from September 15. Deposits withdrawn for cash 5 per cent.



## Company Announcements





# £ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 5 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

*Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.*

| COUNTRY | CURRENCY | VALUE OF £ STERLING |
|---|---|---|
| Afghanistan | Afghani | 99.25 |
| Albania | Lek | 10.0517 |
| Algeria | Dinar | 7.5771 |
| Andorra | French Franc | 9.96 |
| | Spanish Peseta | 198.45 |
| Angola | Kwanza | 49.58 |
| Antigua | E. Caribbean $ | 4.38 |
| Argentina | Austral | 4.4160 |
| Aruba | Florin | 2.9232 |
| Australia | Australian $ | 2.2735 |
| Gabon | C.F.A. Franc | 498.00 |
| Gambia | Dalasi | 12.1942 |
| Germany (East) | Ostmark | 2.9925 |
| Germany (West) | Deutsche Mark | 2.9925 |
| Ghana | Cedi | 283.238 |
| Gibraltar | Gibraltar £ | 1.0 |
| Greece | Drachma | 228.93 |
| Greenland | Danish Krone | 11.5100 |
| Grenada | E. Caribbean $ | 4.38 |
| Guadaloupe | Local Franc | 9.96 |
| Guam | U.S. $ | 1.6240 |
| Guatemala | Quetzal | 1.6240 / (F) 4.3880 |
| Guinea | Franc | 551.65 |
| Norway | Norwegian Krone | 10.93 |
| Oman Sultanate of | Rial Omani | 0.6230 |
| Pakistan | Pakistan Rupee | 27.9 |
| Panama | Balboa | 1.6240 |
| Papua New Guinea | Kina | 1.4485 |
| Paraguay | Guarani | 519.71 / 1388.61 |
| Peru | Inti | (exc(o)25.81 / 32.30 / 46.97 / 60.42 |
| Philippines | Philippine Peso | 32.50 |
| Pitcairn Islands | £ Sterling | — |
| Zaire Republic | Zaire | 196.542 |
| Zambia | Kwacha | 12.70 |
| Zimbabwe | Zimbabwe $ | 2.77 |

‡Rate is the transfer market (controlled). ‡‡ Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for Public Sector Debt and Essential Imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rate. (10) Rate for exports. (14) Nearly all business transactions. (15) Nigeria, Auction price for dollar N/A. (16) Bolivia, New Currency introduced (Bolivlano, worth 1m Pesos) Jan 1 1987.
Correction for September 28. Nigerian Naira; 6.74.

# WORLD MARKETS

## FT-ACTUARIES WORLD INDICES

**Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., *in conjunction with the Institute of Actuaries and the Faculty of Actuaries***

| NATIONAL AND REGIONAL MARKETS | FRIDAY OCTOBER 2 1987 | | | | | THURSDAY OCTOBER 1 1987 | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1987 High | 1987 Low | Year ago (approx) |
| Australia (91) | 169.89 | +1.7 | 155.33 | 157.69 | 2.48 | 167.03 | 153.14 | 156.36 | 180.81 | 99.92 | 86.00 |
| Austria (16) | 100.09 | +0.2 | 91.51 | 95.80 | 2.17 | 99.84 | 91.54 | 95.86 | 102.87 | 85.53 | 94.65 |
| Belgium (48) | 125.61 | +0.5 | 114.85 | 118.95 | 3.98 | 125.03 | 114.64 | 118.71 | 134.89 | 96.19 | 90.88 |
| Canada (130) | 136.47 | −0.1 | 124.77 | 129.20 | 2.27 | 136.61 | 125.25 | 129.24 | 141.78 | 100.00 | 97.58 |
| Denmark (38) | 115.59 | −0.1 | 105.69 | 111.27 | 2.63 | 115.66 | 106.05 | 111.69 | 124.83 | 98.18 | 96.25 |
| France (122) | 108.24 | +0.6 | 98.97 | 104.04 | 2.65 | 107.57 | 98.63 | 103.74 | 121.82 | 98.39 | 95.66 |
| West Germany (93) | 102.14 | +1.7 | 93.39 | 97.81 | 1.93 | 100.46 | 92.11 | 96.49 | 104.93 | 84.00 | 95.11 |
| Hong Kong (46) | 157.89 | −0.5 | 144.36 | 158.29 | 3.01 | 158.66 | 145.47 | 159.06 | 158.66 | 96.89 | 84.87 |
| Ireland (14) | 154.36 | +0.7 | 141.13 | 149.28 | 3.00 | 153.34 | 140.60 | 148.76 | 154.36 | 99.50 | 81.04 |
| Italy (97) | 90.19 | +0.0 | 82.46 | 89.52 | 2.13 | 90.15 | 82.66 | 89.75 | 112.11 | 84.22 | 100.07 |
| Japan (458) | 144.00 | +0.6 | 131.66 | 133.21 | 0.51 | 143.13 | 131.23 | 132.91 | 161.28 | 100.00 | 95.96 |
| Malaysia (36) | 175.76 | +0.5 | 160.71 | 171.75 | 2.14 | 174.95 | 160.41 | 170.91 | 193.64 | 98.24 | 88.84 |
| Mexico (14) | 386.62 | +1.1 | 353.50 | 665.56 | 0.45 | 382.57 | 350.77 | 658.80 | 422.59 | 99.72 | 71.93 |
| Netherland (37) | 124.33 | +0.5 | 113.68 | 117.61 | 3.81 | 123.74 | 113.45 | 117.38 | 131.41 | 99.65 | 97.00 |
| New Zealand (24) | 135.26 | +1.5 | 123.67 | 110.45 | 2.67 | 133.21 | 122.13 | 110.01 | 138.99 | 83.93 | 76.23 |
| Norway (24) | 177.95 | +1.1 | 162.71 | 162.44 | 1.68 | 176.06 | 161.43 | 161.07 | 185.01 | 100.00 | 104.66 |
| Singapore (27) | 165.94 | +1.2 | 151.72 | 160.28 | 1.51 | 163.99 | 150.35 | 158.13 | 174.28 | 99.29 | 89.95 |
| South Africa (61) | 180.01 | −0.4 | 164.59 | 132.30 | 3.17 | 180.70 | 165.68 | 132.81 | 198.09 | 100.00 | 102.28 |
| Spain (43) | 162.65 | +2.3 | 148.72 | 150.64 | 2.64 | 159.02 | 145.80 | 147.82 | 165.92 | 100.00 | 99.70 |
| Sweden (34) | 132.69 | +0.8 | 121.32 | 126.70 | 1.80 | 131.62 | 120.68 | 125.97 | 132.69 | 90.85 | 97.54 |
| Switzerland (53) | 109.67 | +1.2 | 100.27 | 104.33 | 1.59 | 108.38 | 99.37 | 103.44 | 110.00 | 92.01 | 93.94 |
| United Kingdom (336) | 158.87 | +0.7 | 145.25 | 145.25 | 3.10 | 157.73 | 144.62 | 144.62 | 162.87 | 99.65 | 90.64 |
| USA (586) | 134.06 | +0.3 | 122.58 | 134.06 | 2.74 | 133.70 | 122.59 | 133.70 | 137.42 | 100.00 | 97.21 |
| Europe (955) | 128.59 | +0.9 | 117.57 | 120.67 | 2.74 | 127.48 | 116.88 | 119.98 | 128.88 | 99.78 | 94.07 |
| Pacific Basin (682) | 145.35 | +0.6 | 132.89 | 134.68 | 0.69 | 144.43 | 132.43 | 134.36 | 158.77 | 100.00 | 95.15 |
| Euro—Pacific (1637) | 138.71 | +0.7 | 126.82 | 129.09 | 1.45 | 137.71 | 126.27 | 128.62 | 143.65 | 100.00 | 94.73 |
| North America (716) | 134.19 | +0.3 | 122.69 | 133.81 | 2.71 | 133.85 | 122.72 | 133.47 | 137.55 | 100.00 | 97.23 |
| Europe Ex. UK (619) | 109.77 | +1.0 | 100.37 | 105.28 | 2.42 | 108.68 | 99.65 | 104.56 | 111.97 | 98.02 | 96.20 |
| Pacific Ex. Japan (224) | 162.01 | +0.9 | 148.13 | 153.10 | 2.61 | 160.55 | 147.21 | 152.51 | 164.03 | 99.92 | 84.98 |
| World Ex. US (1842) | 139.23 | +0.7 | 127.30 | 129.44 | 1.50 | 138.30 | 126.80 | 129.00 | 143.38 | 100.00 | 94.88 |
| World Ex. UK (2092) | 135.06 | +0.5 | 123.49 | 129.94 | 1.84 | 134.39 | 123.21 | 129.55 | 138.82 | 100.00 | 96.27 |
| World Ex. So. Af. (2367) | 136.90 | +0.5 | 125.17 | 131.32 | 1.96 | 136.18 | 124.86 | 130.90 | 139.47 | 100.00 | 95.73 |
| World Ex. Japan (1970) | 133.94 | +0.5 | 122.47 | 130.44 | 2.72 | 133.30 | 122.22 | 129.97 | 134.03 | 100.00 | 95.68 |
| The World Index (2428) | 137.18 | +0.5 | 125.42 | 131.36 | 1.97 | 136.46 | 125.12 | 130.95 | 139.73 | 100.00 | 95.77 |

Base values: Dec 31, 1986 = 100



Latest prices were unavailable for this edition.

## EUROPEAN OPTIONS EXCHANGE

| Series | | Nov 87 Vol. | Nov 87 Last | Feb 88 Vol. | Feb 88 Last | May 88 Vol. | May 88 Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $480 | 35 | 3.70 | — | — | — | — | $456.70 |
| GOLD C | $500 | — | — | — | — | 38 | 17.60B | " |
| GOLD C | $520 | 37 | 0.80 | 37 | 6 | — | — | " |
| GOLD P | $400 | 30 | 0.50 | — | — | — | — | " |
| GOLD P | $420 | — | — | 10 | 3.50 | — | — | " |
| GOLD P | $440 | 10 | 3.50A | — | — | 13 | 9 | " |
| | | Dec. 87 | | March 88 | | June 88 | | |
| SILVER C | $750 | 20 | 30 | — | — | — | — | $765 |
| SILVER C | $800 | 5 | 25 | — | — | — | — | " |
| SILVER C | $850 | 1 | 20 | — | — | — | — | " |
| | | Oct. 87 | | Nov. 87 | | Dec. 87 | | |
| $/FL C | Fl.200 | 4 | 7.40A | — | — | 17 | 7.500 | Fl.207.40 |
| $/FL C | Fl.205 | 56 | 2.40 | 40 | 3.60 | 27 | 4.10 | " |
| $/FL C | Fl.210 | 3 | 0.10 | 514 | 1 | 3 | 1.80 | " |
| $/FL C | Fl.215 | — | — | — | — | 20 | 0.80 | " |
| $/FL P | Fl.195 | — | — | — | — | 1 | 0.50 | " |
| $/FL P | Fl.200 | 11 | 0.10 | — | — | 28 | 1.20 | " |
| $/FL P | Fl.205 | — | — | 100 | 1.70 | 3 | 2.80A | " |
| $/FL P | Fl.210 | — | — | — | — | 3 | 5.40 | " |
| $/FL P | Fl.220 | — | — | — | — | 40 | 13.70 | " |
| | | Mar. 88 | | June 88 | | Sep. 88 | | |
| $/FL C | Fl.210 | 24 | 3.100 | — | — | — | — | Fl.207.40 |
| $/FL C | Fl.200 | — | — | 30 | 4.60B | 31 | 6.50 | " |
| | | Oct. 87 | | Jan. 88 | | Apr. 88 | | |
| ABN C | Fl.48 | 180 | 0.40 | 124 | 2.80 | 1 | 4.10B | Fl.47.20 |
| ABN P | Fl.50 | 275 | 3.30A | 65 | 3.50 | — | — | " |
| AEGON C | Fl.85 | 72 | 5.60 | 10 | 9.40A | — | — | Fl.90.00 |
| AEGON P | Fl.90 | 30 | 1.50 | 52 | 4 | 12 | 5.80 | " |
| AHOLD C | Fl.110 | 110 | 0.30 | 10 | 3.20 | — | — | Fl.103.80 |
| AHOLD P | Fl.100 | — | — | 45 | 2.60 | 10 | 4.50 | " |
| AKZO C | Fl.180 | 465 | 1.70 | 250 | 9.50 | 18 | 14.60 | Fl.177.20 |
| AKZO P | Fl.160 | 5 | 0.10 | 202 | 3 | 13 | 4.30 | " |
| AMEV C | Fl.65 | 35 | 0.20 | 45 | 2.20 | — | — | Fl.60.50 |
| AMRO C | Fl.90 | 4 | 0.10 | 171 | 1.80 | 5 | 3.60 | Fl.82.50 |
| AMRO P | Fl.90 | 14 | 7.60A | 51 | 7.70 | — | — | " |
| ELSEVIER C | Fl.70 | 34 | 0.10 | 195 | 2 | — | — | Fl.59 |
| ELSEVIER P | Fl.60 | 40 | 1.80 | 135 | 4 | 25 | 5.80 | " |
| GIST-BROC. C | Fl.45 | 207 | 4.90 | — | — | — | — | Fl.49.60 |
| GIST-BROC. P | Fl.50 | 26 | 1 | 44 | 2.50 | 10 | 4.50 | " |
| HEINEKEN C | Fl.180 | 20 | 0.80 | 173 | 6.90 | — | — | Fl.172 |
| HOOGOVENS C | Fl.45 | 121 | 2.30 | 11 | 5 | 1 | 7 | Fl.46.60 |
| HOOGOVENS P | Fl.50 | 235 | 3.70A | 103 | 5.40B | 10 | 6.50 | " |
| KLM C | Fl.50 | 431 | 3.10 | 85 | 7.20 | — | — | Fl.55.10 |
| KLM P | Fl.55 | 125 | 1 | 155 | 3 | 6 | 4.30 | " |
| NEDLLOYD C | Fl.200 | 117 | 1.50 | 1 | 13.60 | 5 | 18.20 | Fl.199 |
| NEDLLOYD P | Fl.190 | 42 | 2.10 | 6 | 11.50 | 12 | 16 | " |
| NAT.NED. C | Fl.75 | 116 | 0.90 | 83 | 4.40 | 5 | 6.20 | Fl.74 |
| NAT NED P | Fl.75 | 39 | 1.80 | 86 | 4 | 25 | 4.30 | " |
| PHILIPS C | Fl.55 | 301 | 0.20 | 2732 | 2.40 | 106 | 3.30 | Fl.52.10 |
| PHILIPS P | Fl.50 | 12 | 0.20 | 384 | 1.70 | 64 | 2.50 | " |
| ROYAL DUTCH C | Fl.280 | 740 | 0.90 | 411 | 9 | 18 | 14.90 | Fl.270.50 |
| ROYAL DUTCH P | Fl.260 | 334 | 0.30 | 183 | 5 | 15 | 7 | " |
| ROBECO C | Fl.115 | 17 | 0.20 | 1 | 3 | 2 | 7.50 | Fl.111.10 |
| ROBECO P | Fl.115 | — | — | 3 | 3.50 | — | — | " |
| UNILEVER C | Fl.150 | — | — | 266 | 4 | 9 | 7.70 | Fl.139.40 |
| UNILEVER P | Fl.132 | 151 | 0.20 | 51 | 2.80 | — | — | " |

TOTAL VOLUME IN CONTRACTS: 31,061

A=Ask B=Bid C=Call P=Put

## BASE LENDING RATES

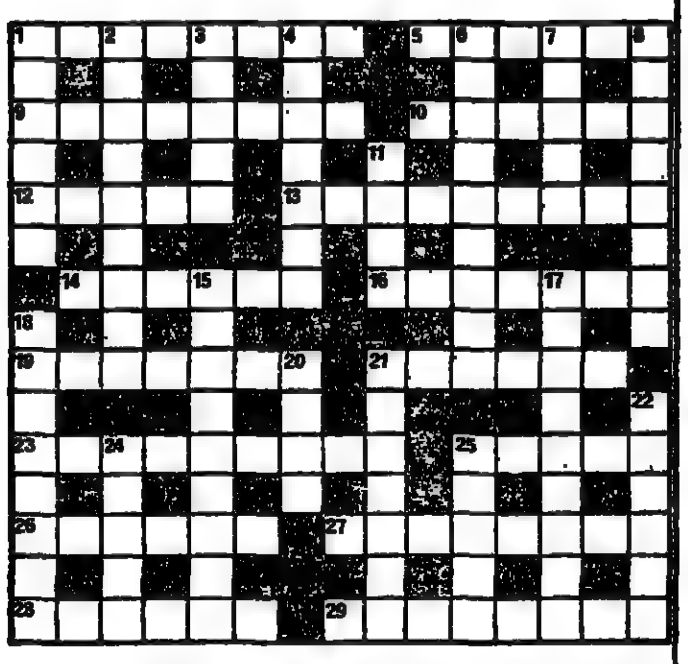
| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 10 | ● Charterhouse Bank | 10 | Nat Bk. of Kuwait | 10 |
| Adam & Company | 10 | Citibank NA | 10 | NatWestminster | 10 |
| Allied Arab Bk Ltd | 10 | City Merchants Bank | 10 | Northern Bank Ltd | 10 |
| Allied Dunbar & Co | 10 | Clydesdale Bank | 10 | Norwich Gen. Trust | 10 |
| Allied Irish Bank | 10 | Comm. Bk. N. East | 10 | PK Finans. Intl (UK) | 10½ |
| American Exp. Bk | 10 | Consolidated Cred | 10 | Provincial Trust Ltd | 11 |
| Amro Bank | 10 | Co-operative Bank | *10 | R. Raphael & Sons | 10 |
| Henry Ansbacher | 10 | Cyprus Popular Bk | 10 | Roxburghe G'rantee | 10½ |
| ANZ Banking Group | 10 | Duncan Lawrie | 10 | Royal Bk of Scotland | 10 |
| Associates Cap Corp | 10 | Equat'l TstC'p plc | 10 | Royal Trust Bank | 10 |
| Authority & Co Ltd | 10 | Exeter Trust Ltd | 10½ | Smith & Williams Secs | 10 |
| Banco de Bilbao | 10 | Financial & Gen. Sec | 10 | Standard Chartered | 10 |
| Bank Hapoalim | 10 | First Nat. Fin. Corp | 11 | TSB | 10 |
| Bank Leumi (UK) | 10 | First Nat. Sec. Ltd | 11 | UDT Mortgage Exp | †11.1 |
| Bank Credit & Comm | 10 | ● Robert Fleming & Co | 10 | United Bk of Kuwait | 10 |
| Bank of Cyprus | 10 | Robert Fraser & Ptrs | 11 | United Mizrahi Bank | 10 |
| Bank of Ireland | 10 | Girobank | 10 | Unity Trust PLC | 10 |
| Bank of India | 10 | Grindlays Bank | 10 | Western Trust | 10 |
| Bank of Scotland | 10 | ● Guinness Mahon | 10 | Westpac Bank. Corp | 10 |
| Banque Belge Ltd | 10 | HFC Trust & Savings | 10 | Whiteaway Laidlaw | 10½ |
| Barclays Bank | 10 | ● Hambros Bank | 10 | Yorkshire Bank | 10 |
| Benchmark Tst Ltd | 10 | Heritable & Gen. Tst | 10 | | |
| Beneficial Trust Ltd | 11 | ● Hill Samuel | †10 | | |
| Berliner Bank AG | 10 | C. Hoare & Co | 10 | | |
| Brit Bk of Mid East | 10 | Hongkong & Shangh | 10 | | |
| Brown Shipley | 10 | Lloyds Bank | 10 | | |
| Business Mtge Tst | 10 | Meghraj & Sons Ltd | 10 | | |
| CL Bank Nederland | 10 | Midland Bank | 10 | | |
| Canada Permanent | 10 | ● Morgan Grenfell | 10 | | |
| Cayzer Ltd | 10 | Mount Credit Corp. Ltd | 10 | | |

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sumwise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. † Mortgage base rate. ‡ Demand deposit 4.98%. Mortgage 11.125%.



## FT CROSSWORD PUZZLE No 6,448

VIXEN



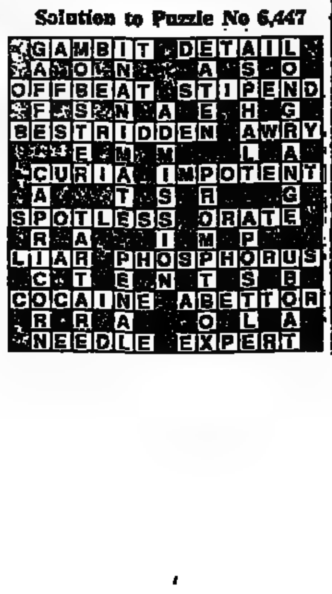
**ACROSS**

1 A boy keeping quiet, a swine will permit work on the knees (8)
5 Cause damage to put Virginia in a temper (6)
9 They embellish hearing devices (8)
10 A tap to go in a rotisserie (6)
12 Result, some find, from having eaten suet dumplings (5)
13 Consideration shown about occupying guard (9)
14 Sweltering sportsmen in a yacht (6)
16 A female social worker can be quite inflexible (7)
19 Ponders involved answer (7)
21 One may follow people, the pest! (6)
23 He'll send up the French politician—one or other (9)
25 Quick drink taken about four (5)
26 The type inclined to show stress (6)
27 Cry for mercy when putting one's queen in the pool (8)
28 Infer it's the weapon of a woman (6)
29 Get at aid organisation, being perturbed (8)

**DOWN**

1 Taking shelter with a Communist looked crafty (6)
2 Represented as a priest's dependants (9)
3 Duck going to waste—fancy! (5)
4 Dress without thought, though not in casual fashion (7)
6 Refer to a page with presumptuous article in (9)
7 Gas when given a turn among nautical men (5)
8 Having eaten, try making an appeal (8)
11 A dyke-builder will take endless refuse (4)
15 Express contrition a game soldier's way (9)
17 A person with constructive ideas for the use of the Arctic (9)
18 Exercise can be so boring! (8)
20 Puts on the better-qualified teaching staff (4)
21 A beast returning a phone-call and doing harm (7)
22 Saw a male local leader in bed (6)
24 In general there's some antagonism implied (5)
25 Keep off a heraldic colour (5)

**Solution to Puzzle No 6,447**







# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| **Abbey Unit Tst. Mngrs. (a)** | | | | |
| 80 Holdenhurst Rd, Bournemouth 0345 717373 | | | | |
| [illegible] | | | | |
| **Abtrust Management Ltd** | | | | |
| 10 Queens Terrace, Aberdeen AB9 1QJ 0224 633070 | | | | |
| [illegible] | | | | |
| **AEtna Unit Trusts Ltd(a)(b)(c)** | | | | |
| 401 St John St, London EC1V 4QE 01-837 6494 | | | | |
| [illegible] | | | | |
| **CS Fund Managers Limited** | | | | |
| 125 High Holborn, London WC1V 6PY 01-242 1148 | | | | |
| [illegible] | | | | |
| **Canada Life Unit Trust Mngrs. Ltd** | | | | |
| 2-6 High St, Potters Bar, Herts 0707 51122 | | | | |
| [illegible] | | | | |
| **Cannon Fund Managers Ltd** | | | | |
| 1 Olympic Way, Wembley, HA9 0NB | | | | |
| [illegible] | | | | |
| **Capel (James) Mngt. Ltd** | | | | |
| PO Box 551, 6, Bevis Marks, EC3A 01-621 0011 | | | | |
| [illegible] | | | | |
| **Capital House Unit Trust Mngrs** | | | | |
| Capital House, Festival Square, Edinburgh. 031-228 4477 | | | | |
| [illegible] | | | | |

# FT UNIT TRUST INFORMATION SERVICE

**Mercury Fund Managers—Contd.**

| | | | | |
|---|---|---|---|---|
| Gilt | 88 5 | 88 9 | +0 2 | 7 73 |
| (Accum Units) | 105 2 | 105 7 | +0 2 | 7 73 |
| Global Fund | 55 4 | 58 6 | +0 3 | 0 64 |
| (Accum Units) | 55 4 | 58 6 | +0 3 | 0 64 |
| High Income Fund | 56 7 | 59 9xd | +0 2 | 4 37 |
| Accum Units | 57 6 | 60 9xd | +0 3 | 4 37 |
| High Interest Fund | 44 6 | 46 9xd | +0 1 | 9 58 |
| (Accum Units) | 45 8 | 48 4xd | +0 1 | 9 58 |
| Income | 133 8 | 141 5xd | +0 8 | 2 90 |
| (Accum Units) | 154 4 | 163 3xd | +0 9 | 2 90 |
| International | 316 7 | 335 1 | +1 5 | 1 76 |
| (Accum Units) | 396 3 | 419 3 | +1 9 | 1 76 |
| Japan | 214 9 | 227 4 | +1 4 | 0 92 |
| (Accum Units) | 220.6 | 233 4 | +1 4 | 0 92 |
| Pacific Fund | 63.2 | 66.8 | +0.3 | 0.10 |
| (Accum Units) | 63.2 | 66.8 | +0.3 | 0.10 |
| Recovery | 342 7 | 362 6 | +0.9 | 1.97 |
| (Accum Units) | 372.6 | 394.2 | +0.4 | 1.97 |
| UK Smaller Co's Fund | 58 6 | 62.0xd | +0.3 | 1.63 |
| (Accum Units) | 59.2 | 62.6xd | +0.3 | 1.63 |

**Merlin Fund Mngmnt Ltd**
30 St James St, London SW1A 1HB 01-925 1277

| | | | | |
|---|---|---|---|---|
| Merlin Sept 30 | 636.5 | 644.8 | ..... | 1.05 |

**Metropolitan Unit Trust Mngrs Ltd**
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

| | | | | |
|---|---|---|---|---|
| UK Income Fund | 66.8 | 71.0xd | +0.5 | 4.22 |
| Accum Units | 67.5 | 71.8xd | +0.5 | 4.19 |
| UK Growth Fund Acc. | 66.8 | 71.0 | -0.6 | 1.41 |
| Global Income Fund | 52.5 | 55.8 | +0.3 | 3.58 |
| Accum Units | 52.5 | 55.8 | +0.3 | 3.58 |
| Global Growth Fund | 51.8 | 55.2 | +0.3 | 0.46 |

**Midland Bank Group UT Mngrs. Ltd**
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

| | | | | |
|---|---|---|---|---|
| Capital | 136.3 | 144.7 | +1.0 | 1.06 |
| (Accum Units) | 188.5 | 200.0 | +1.4 | 1.06 |
| Commodity & Gen. | 201.3 | 213.6 | -1.0 | 1.26 |
| (Accum Units) | 287.3 | 304.9 | -0.4 | 1.26 |
| European Growth | 137.8 | 146.3 | +1.1 | 0.96 |
| (Accum Units) | 166.2 | 176.4 | +1.3 | 0.96 |
| Extra High Inc. | 76.1 | 80.8xd | +0.3 | 6.17 |
| (Accum Units) | 94.7 | 100.5 | +0.4 | 6.17 |
| Gilt & Fxd. Int. | 52.1 | 54.5xd | +0.2 | 8.57 |
| (Accum Units) | 92.5 | 96.7 | +0.4 | 8.57 |
| High Yield | 235.3 | 249.7 | +1.9 | 3.88 |
| (Accum Units) | 416.4 | 441.9 | +3.4 | 3.88 |
| Income | 263.6 | 279.7 | +2.0 | 2.66 |
| (Accum Units) | 447 4 | 474.8 | +3.4 | 2.66 |
| Intl High St UT | 62.7 | 66.7 | +0.3 | 1.76 |
| Do. Accum | 62.7 | 66.7 | +0.3 | 1.76 |
| Japan and Pacific | 345.0 | 366.1xd | +2.3 | 0.20 |

**Provident Mutual Unit Trust Managers Ltd.**
25-31 Moorgate, London, EC2R 6BA. 01-588 3965

| | | | | |
|---|---|---|---|---|
| PM Equity Growth | 127 8 | 136 0 | +0.6 | 0 94 |
| PM Income and Growth | 108 5 | 115 5xd | +0.3 | 2.87 |
| PM N American Growth | 60 1 | 63 9 | +0 4 | 0.32 |
| PM European Growth | 53 4 | 56 8 | +0.3 | 0.55 |
| PM Japan Growth | 71 9 | 76 4 | -0.5 | 0.35 |
| PM Overseas Growth | 58 5 | 62.2 | +0.3 | 0.41 |

**Prudential Holborn Unit Trusts Ltd(a) (b) (c)**
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

| | | | | |
|---|---|---|---|---|
| Holborn Comm Tst. | 87.6 | 92.6 | +0.9 | 0.33 |
| Holborn Equity Income | 78 7 | 83.2xd | +0.5 | 3.09 |
| Holborn Equity Tst. | 625 9 | 662.3xd | +2.2 | 2.04 |
| Holborn European Tst. | 130.9 | 138.5 | | 0.60 |
| Holborn Gilt Tst | 208.0 | 216 9 | +0.6 | 2.19 |
| Holborn High Inc Tst. | 93.0 | 98.4xd | +0.1 | 4.38 |
| Holborn Inn Grth Tst. | 129.9 | 137 4 | +0.5 | 0.64 |
| Holborn Intl Sm Cos | 48.8 | 51.6 | +0.2 | 0.05 |
| Holborn Japanese Tst. | 139.8 | 147.9xd | +0.5 | 0.04 |
| Holborn N. Amer Tst. | 101 4 | 107.3 | +0.6 | 0.45 |
| Holborn Bm Cos Tst. | 84.7 | 89.6 | +0.2 | 1.30 |
| Holborn Spec Sits Tst. | 114.8 | 121 4 | +0.4 | 1.28 |
| Holborn UK Growth Tst. | 125.6 | 133.1xd | +1.0 | 1.41 |

**Quilter Management Co Ltd**
31-45 Gresham Street, London EC2 01-600 4177

| | | | | |
|---|---|---|---|---|
| Quadrant Gen. Fd. | 693.1 | 733.5xd | +6.0 | 1.33 |
| Quadrant Income | 352.2 | 372.8 | +8.4 | 3.56 |
| Quadrant Intl. Fund | 469.1 | 496.9 | +9.4 | 1.01 |
| Quadrant Spec. Sits | 492.5 | 521.2xd | +11.3 | 1.12 |

**Reliance Unit Mgrs. Ltd**
Reliance House, Tunbridge Wells, Kent 0892 510033

| | | | | |
|---|---|---|---|---|
| British Life | 256.9 | 273.2xd | -2.7 | 2.21 |
| Reliance Unit Tst (Inc) | 180.5 | 192.0xd | -1.1 | 1.37 |
| Reliance Ut Tst (Acc) | 244.0 | 259.5 | -0.6 | 1.37 |

**Rensburg Fund Managers**
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

| | | | | |
|---|---|---|---|---|
| Internat. Growth Trust | 52.5 | 55.3 | ..... | 1.09 |

**N.M. Rothschild Fund Mgmt**
St Swithin's Lane, London EC4 01-634 2981/4

| | | | | |
|---|---|---|---|---|
| NC America (Inc) | 343.7 | 365.6 | +2.9 | 0.63 |
| NC America (Acc) | 379.2 | 403.4 | +2.6 | 0.63 |
| NC Inc Fd. | 135.2 | 143.8 | +0.8 | 2.87 |
| NC Japan Fd. | 220.8 | 234.8 | +1.4 | 0.00 |
| NC Major UK Cos Fd. | 75.8 | 80.6 | +0.3 | 1.66 |

# INSURANCES

Continued on next page

# FT UNIT TRUST INFORMATION SERVICE

**Manufacturers Life Insurance—Contd.**

| | | | | |
|---|---|---|---|---|
| Gilt-Edged Inc. | 225.1 | | .. | — |
| Do. Accum | 277.6 | | .. | — |
| Guaranteed Inc. | 159.1 | | .... | — |
| Do. Accum | 196.3 | | .. | — |
| International Inc. | 527.5 | | .. | — |
| Do. Accum | 643.8 | | .. | — |
| Index Lk. Gilt Inc. | 133.5 | | .. | — |
| Do. Accum | 164.6 | | .. | — |

**Merchant Investors Assurance**
Leon House, 233 High St, Croydon 01-686 9171

| | | | | |
|---|---|---|---|---|
| Property | 320.8 | | +0.2 | — |
| Property Pens. | 434.5 | | +0.4 | — |
| Equity | 207.5 | | +0.7 | — |
| Equity Pens. | 954.7 | | +4.3 | — |
| Money Market | 296.0 | | +0.2 | — |
| Money Mkt. Pens. | 533.6 | | +0.6 | — |
| Deposit | 240.0 | | +0.0 | — |
| Deposit Pens. | 385.0 | | +0.5 | — |
| Managed | 309.1 | | +0.5 | — |
| Managed Pens. | 605.1 | | +1.5 | — |
| Intl. Equity | 370.0 | | +1.6 | — |
| Do. Pens. | 609.3 | | +3.6 | — |
| Intl. Managed | 336.8 | | +1.5 | — |
| Do. Pens. | 528.6 | | +2.6 | — |
| North American | 137.6 | | +0.0 | — |
| Do. Pens. | 160.1 | | -0.3 | — |
| Far East | 306.9 | | +1.9 | — |
| Do. Pens. | 439.0 | | +4.3 | — |
| Intl. Currency | 169.4 | | -0.5 | — |
| Do Pens. | 218.9 | | -0.8 | — |
| Index Linked | 125.3 | | -0.0 | — |
| S & C Managed Fd | 144.5 | | +0.4 | — |
| S & C Pens Mngd Fd | 119.0 | | +0.5 | — |
| Bell Chambers | 131.7 | | +0.4 | — |
| Lorain & Loran | 121.3 | | +0.0 | — |
| Trustlink Life Funds | | | | |
| Per Worldwide Rec. | 175.1 | | +1.4 | — |
| Per Far East Growth | 226.5 | | +0.8 | — |
| Per Intl Growth | 169.5 | | +1.2 | — |
| Per Income | 180.1 | | +0.0 | — |
| Per Emerging Co's | 167.1 | | +0.6 | — |
| Per American Growth | 152.2 | | +1.7 | — |
| Per European Growth | 141.3 | | +1.6 | — |
| Fra American & Gen | 128.5 | | +2.8 | — |
| Fra Capital | 187.4 | | +0.8 | — |

**Norwich Union Asset Management Ltd**
PO Box 124, Norwich NR1 3JS 0603 683986

| | | | | |
|---|---|---|---|---|
| **NUAM Funds** | | | | |
| Managed Fund | 59.1 | 62.3 | +0.2 | — |
| Stock Market Mngd Fund | 61.3 | 64.6 | +0.2 | — |
| Equity Fund | 66.4 | 69.9 | +0.2 | — |
| International Fund | 57.7 | 60.8 | +0.2 | — |
| European Fund | 60.7 | 63.9 | +0.3 | — |
| North American Fund | 52.4 | 55.2 | +0.5 | — |
| Pacific Fund | 66.3 | 69.8 | .. | — |
| Property Fund | 52.9 | 55.7 | .. | — |
| Fixed Interest Fund | 48.2 | 50.8 | +0.1 | — |
| Index Linked Sec Fund | 44.9 | 47.3 | -0.1 | — |
| Deposit Fund | 51.6 | 54.4 | .... | — |
| **NUAM Retirement Plans** | | | | |
| Mixed Fund | 64.1 | 67.5 | +0.2 | — |
| UK Ordinary Share | 77.9 | 82.0 | +0.8 | — |
| International Fund | 59.5 | 62.7 | +0.1 | — |
| Property Fund | 52.8 | 55.6 | .... | — |
| Fixed Interest Fund | 49.8 | 52.5 | -0.1 | — |
| Index Linked Sec Fund | 45.3 | 47.7 | -0.1 | — |
| Deposit Fund | 53.6 | 56.5 | .... | — |
| **NUAM (NF)** | | | | |
| Managed Fund | 815.6 | 858.6 | +2.8 | — |
| Equity Fund | 1783.0 | 1876.9 | +7.7 | — |
| Property Fund | 328.8 | 346.2 | .... | — |
| Fixed Interest Fund | 355.6 | 374.4 | +1.4 | — |
| Deposit Fund | 211.0 | 222.2 | +0.2 | — |
| International Fund | 149.7 | 157.6 | +0.5 | — |
| Index Linked Sec Fund | 45.0 | 47.4 | -0.1 | — |

**Norwich Union Life Insurance Soc.**
PO Box 4, Norwich NR1 3NG 0603 622200

| | | | | |
|---|---|---|---|---|
| **Pensioninvestor & Unit-Linked Plan*** | | | | |
| Fixed Interest Fund | 249.8 | 262.9 | .... | — |
| Index-Linked Sec Fund | 128.2 | 134.9 | .... | — |
| Ordinary Share Fund | 558.4 | 587.7 | .... | — |
| International Fund | 151.0 | 158.9 | .... | — |
| Property Fund | 164.7 | 173.3 | .... | — |
| Deposit Fund | 168.0 | 176.8 | .... | — |
| Mixed Fund | 353.6 | 372.2 | .... | — |
| Norwich Units Sep 15 | | 1018.4 | .... | — |

*Prices as at June 30.

**Pearl Assurance (Unit Funds) Ltd**
252 High Holborn, London WC1V 7EB 01-405 8441

**The Norminster Group**
71, London Rd, Peterborough, PE2 9BB 0733 42200

| | | | | |
|---|---|---|---|---|
| Mngd Scot Mut | 137.6 | 144.9 | +0.6 | — |
| Pen Scot Mut | 128.6 | 135.4 | +0.6 | |
| Man-Schroder | 129.6 | 136.4 | +0.6 | |
| Pen Man-Schroder | 141.0 | 148.4 | +0.6 | |
| Man Target | 135.9 | 143.1 | +0.2 | |
| Pen. Man. Target | 67.5 | 71.1 | +0.1 | |
| Man Scot Eqat | 99.5 | 104.8 | +0.5 | |
| Burlington Global | 133.5 | 140.5 | +0.4 | — |
| Bur Global Pens | 144.5 | 152.1 | +0.5 | |

**O'Halloran & Co/Countrywide**
c/o 41, Broadway, Peterborough, PE1 1SJ 0733 64830

| | | | | |
|---|---|---|---|---|
| Managed Fd | 152.5 | 160.6 | +0.7 | — |

**Old Oak Investment Services**
7 Broad St, Syston, Leicester 0533 607404

| | | | | |
|---|---|---|---|---|
| Global Grth (Skandia) | 126.5 | 133.1 | +0.2 | — |

**Optimum Fund Mgmt Ltd**
436-438 Flixton Rd, Manchester M31 3QT Tel: 061-748 1554/061-747 7054

| | | | | |
|---|---|---|---|---|
| Optimum PIP | 139.6 | 147.0 | .... | — |
| Bank Trust | 97.4 | 102.8 | .... | — |
| Private Portfolio | 158.1 | 166.5 | .. | — |

**PBR Fund Management Ltd.**
146a Queen Victoria St, EC4V 5AP 01-236 4070

| | | | | |
|---|---|---|---|---|
| Flexi-Bond | 177.6 | 186.4 | +0.5 | |
| Flexi Pension Bond | 171.7 | 180.3 | +1.1 | — |
| Managed Bond | | 125.6 | +3.4 | — |
| Managed Pension | | 135.6 | +0.6 | — |

**The Porchester Group**
91 Wimpole Street, London W1M 7DA 01-493 9090

| | | | | |
|---|---|---|---|---|
| **Porchester Managed Funds** | | | | |
| Albany (z) | 136.4 | 143.5 | +0.7 | — |
| Cornhill (z) | 116.5 | 123.0 | .. | — |
| Irish Life (z) | 131.3 | 138.3 | | — |
| Royal Heritage (z) | 120.6 | 127.0 | | — |
| Schroder (z) | 110.5 | 117.1 | +0.3 | — |
| Skandia (z) | 137.1 | 144.3 | +0.6 | — |
| Target (z) | 141.0 | 148.5 | +0.5 | — |
| Trident (z) | 130.3 | 137.3 | +0.4 | — |
| **Porchester Managed Pension Funds** | | | | |
| Albany (z) | 155.7 | 163.9 | +1.3 | — |
| Schroder (z) | 110.7 | 116.5 | +0.4 | — |
| Skandia (z) | 146.7 | 154.4 | +0.7 | — |
| Target (z) | 137.3 | 144.6 | +1.3 | — |

Managed by Porchester Securities Limited

**Barclays Intl Funds—Contd.**

**Equity Funds** [illegible]

**Baring Fund Managers (Guernsey) Ltd**
Box 255 18-20 Pollet, Guernsey 0481 710651

| | | | | |
|---|---|---|---|---|
| **Baring Currency Fund Ltd** | | | | |
| US Dollar | $11.49 | | .... | — |
| Sterling | £12.46 | | | — |
| Deutschemark | DM32.60 | | | — |
| Japanese Yen | Y3315 | | +1.00 | — |
| Managed | $26.95 | | -0.20 | — |

**Baring International Group**
1901 Edinburgh Tower, Hong Kong 01 588 6133

| | | | | |
|---|---|---|---|---|
| Australia | $30.43 | 32.77 | | 1.0 |
| Europa Fund | $12.74 | 13.65 | -0.02 | |
| Hong Kong | $51.15 | 53.58 | +1.90 | |
| Japan Tech. | $53.70 | 56.67 | +2.25 | |
| Japan Fund | $25.41 | 25.72 | +1.59 | |
| Japan New Gwth Fd | $12.40 | 13.29 | -0.04 | |
| Malay Secs. | $40.25 | 41.16 | | |
| Octopus Fund | $16.58 | 17.26 | +0.78 | 1.0 |
| Pacific Fd | $47.991 | 50.390 | | 1.0 |
| Pacific Intl Fd | $26.80 | 28.18 | +0.73 | 1.5 |
| Bond Fd | $13.436 | 14.105 | | 7.25 |

**Barrington Mgmt (CI)—Barrington Fd**

# OFFSHORE AND OVERSEAS

# MANAGEMENT SERVICES

# FT UNIT TRUST INFORMATION SERVICE

# LONDON SHARE SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

## BRITISH FUNDS—Contd

### Undated

| 1987 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 45¾ | 40⅛ | Consols 4pc | 41 | +⅛ | 9.76 | — |
| 40⅞ | 35½ | War Loan 3½pc | 36 | +⅛ | 9.64 | — |
| 51⅛ | 47 | Conv. 3½pc '61 Aft. | 48¼xd | +⅛ | 7.29 | — |
| 34⅜ | 30⅛ | Treas. 3pc '66 Aft. | 30xd | | 9.86 | — |
| 28⅝ | 25⅛ | Consols 2½pc | 25xd | +⅛ | 9.88 | — |
| 28⅝ | 25 | Treas. 2½pc | 25xd | +⅛ | 9.74 | — |

### Index-Linked

| 1987 High | Low | Stock | (b) | Price £ | + or – | (1) | (2) |
|---|---|---|---|---|---|---|---|
| 131 | 125¾ | Treas. 2pc '88 | (297.1) | 131xd | ..... | — | — |
| 117¼ | 108 | Do. 2pc '90 | (333.9) | 124 | +⅛ | 1.89 | 3.02 |
| 99 | 93 | Do. 2pc '92‡‡ | (385.8) | 95 | +⅛ | 2.80 | 3.43 |
| 128 | 119 | Do. 2pc '96 | (267.9) | 123xd | ..... | 3.78 | 4.12 |
| 111 | 101 | Do 2½pc '01 | (308.8) | 102xd | –⅛ | 4.12 | 4.39 |
| 110 | 99 | Do. 2½pc '03 | (310.7) | 99 | –⅛ | 4.12 | 4.36 |
| 113 | 101 | Do. 2pc '06 | (274.1) | 101 | –⅛ | 4.08 | 4.28 |
| 108 | 95¼ | Do. 2½pc '09 | (310.7) | 95¼ | –⅛ | 4.02 | 4.20 |
| 113 | 100 | Do. 2½pc '11 | (294.1) | 100 | –⅛ | 3.98 | 4.15 |
| 95 | 83 | Do. 2½pc '13 | (351.9) | 83¼ | –⅛ | 3.94 | 4.10 |
| 103 | 90 | Do. 2½pc '16 | (322.0) | 90 | –⅛ | 3.85 | 4.03 |
| 101 | 88 | Do. 2½pc '20 | (327.3) | 88xd | –⅛ | 3.78 | 3.94 |
| 86 | 74 | Do. 2½pc '24 ‡‡ | (385.3) | 74 | –⅛ | 3.71 | 3.85 |

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for January 1987: 100.0 and for August 1987: 102.1 (rebased at 100 January 1987 conversion factor 3.945).

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

Building Societies

Public Board and Ind.

Financial

## FOREIGN BONDS & RAILS

| 1987 High | Low | Stock | Price £ | + or – | Div % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 53 | 42 | Greek 7pc Ass. | 53 | | 3.50 | 6.60 |
| 52 | 40 | Do. 6pc 28 Stb. Ass. | 52xd | | 3 | 5.77 |
| 50 | 45 | Do 4pc Mixed Ass. | 50xd | | 2 | 4.23 |
| 66 | 58 | Hung. '24 Ass. | 65 | | 2.75 | 4.23 |
| 146½ | 122¾ | Hydro Quebec 15pc 2011 | 130½ | +¼ | 15.00 | 11.27 |
| 136½ | 115½ | Iceland 14½pc Ln 2016 | 122 | +½ | 14.50 | 11.77 |
| 103½ | 94 | Ireland 9¾pc '91 96 | 95xd | +1 | 9.75 | 11.53 |

## AMERICANS

| 1987 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 42 | 32½ | Abbott Laboratories | 37 | +¼ | $1.00 | — | 1.6 |
| 40½ | 24½ | Alcoa $1 | 38 | +¼ | $1.20 | — | 1.9 |
| 18 | 10 | Allegheny & W $0.01 | 18 | ..... | 30c | — | 1.7 |
| 19 | 8 | Amax $1 | 17 | | — | — | — |
| 30 | 17 | Amdahl 5c | 30 | +¼ | 30c | — | 0.4 |
| 35 | 25 | Amer. Cyanamid $5 | 31 | –¼ | $1.90 | — | 3.7 |
| 25 | 18 | Amer. Express $0.60 | 22 | –¼ | 76c | — | 2.0 |
| 12 | 994p | Amer. Medical Int $1 | 10 | +¼ | 72c | — | 4.3 |
| 22½ | 14 | American T. & T. $1 | 21 | –¼ | $1.20 | — | 3.5 |
| 63 | 46½ | Ameritech $1 | 58 | –¼ | $4.72 | — | 4.9 |
| 24 | 15 | Amlach | 24 | +¼ | — | — | — |
| 25 | 17 | Anheuser-Busch $1 | 23 | +¼ | $2.00 | — | 5.2 |
| 98p | 45p | AndTectel | 87p | ... | — | — | — |

Continued on next page

## Money Market Bank Accounts

## Money Market Trust Funds

## UNIT TRUST NOTES

# LONDON SHARE SERVICE

## AMERICANS—Continued

| 1987 High | Low | Stock | Price £ | + or − | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 39 | 27¼ | Rep NY Corpn $5 | 33⅝ | +⅛ | $1.16 | — | 2.1 |
| 18¾ | 14 | Rockwell Intl. $1 | 14 | −½ | 66c | — | 2.8 |
| 30 | 22 | Sara Lee $1 | 27 xd | − | $1.00 | — | 2.2 |
| 21 | 8⅞ | Saul (B. F.) $1 | 11 | + | 20c | — | 1.1 |
| 27½ | 2¼ | Southwestern Bell $1 | 27½ | ..... | h$2.32 | — | 5.2 |
| 19⅝ | 14⅛ | Stalry Continental | 19⅝ | ..... | 80c | — | 2.6 |
| 44 | 34½ | Sun Co. Inc. $1 | 38⅞ | + | $3.00 | — | 4.7 |
| 42¼ | 28½ | TRW Inc. $0.625 | 39 | +½ | h$1.60 | — | 2.5 |
| 35⅝ | 25⅞ | Tenneco $5 | 35⅝ | + | $3.04 | — | 5.2 |
| 220 | 149½ | Do. 10pcLn.Stk 91-5 | 220xd | ..... | 10% | — | 4.7 |
| 29⅝ | 17 | Texaco $6.25 | 25⅝xd | + | $3.00 | — | 7.2 |
| 74 | 47⅞ | Time Inc. $1 | 65xd | ..... | $1.00 | — | 0.9 |
| 19¾ | 11 | Tracor $0.33 | 19¾xd | ..... | 40c | — | 1.2 |
| 30¾ | 18⅞ | Transamerica $1 | 27xd | +½ | $1.84 | — | 4.1 |
| 14⅛ | 1⅛ | Transworld Corp $5 | 12⅞ | +⅛ | 20c | — | 1.0 |
| 27½ | 19⅞ | TRINOVA Corp. | 27⅛ | +¼ | $1.00 | — | 2.3 |
| 24 | 15 | USX $1 | 23⅝ | +½ | $1.20 | — | 3.1 |
| 19⅝ | 15 | Union Carbide $1 | 18 | + | $1.50 | — | 4.9 |
| 37⅞ | 26⅞ | Utd. Technologies | 35⅝xd | + | $1.40 | — | 2.4 |
| 38⅝ | 27 | US West | 35⅞ | −½ | $3.28 | — | 5.6 |
| 30½ | 17⅛ | Waste Management $1 | 29⅛ | +¼ | — | — | — |
| £31½ | £20½ | Whirlpool $1.0 | £22⅝ | ..... | — | — | — |
| 37⅛ | 26 | Woolworth $3½ | 30 | ..... | $1.32 | — | 2.6 |

## CANADIANS

[illegible]

## BANKS, HP & LEASING

[illegible]

### Hire Purchase, Leasing, etc.

[illegible]

## BEERS, WINES & SPIRITS

[illegible]

## BUILDING, TIMBER, ROADS

[illegible]

## BUILDING, TIMBER, ROADS—Cont

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY AND STORES—Cont.

[illegible]

## ELECTRICALS

[illegible]

## ENGINEERING

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS—Continued

[illegible]

## INDUSTRIALS—Continued

[illegible]

## INSURANCES

[illegible]

# LONDON SHARE SERVICE

## INSURANCES—Continued

| 1987 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 422 | 305 | PWS Holdings 10p | 343 | –5 | 10.5 | 2.9 | 4.3 | 12.5 |
| 909 | 316 | Pearl Group 5p | 508 | +13 | †10.5 | — | 2.8 | — |
| £11¼ | 804 | Prudential | £11¼ | +¼ | †29.0 | — | 3.6 | — |
| 593 | 433 | Refuge 5p | 592 | +4 | 15.75 | — | 3.6 | — |
| 595 | 423 | Royal | 593xd | +3 | †15.5 | — | 3.6 | — |
| 106 | 93 | Saltire Ins. Invs. | 106 | +3 | — | — | — | — |
| 345 | 274 | Sedgwick Group 10p | 296 | ..... | 12.0 | 1.7 | 5.6 | 12.6 |
| 339 | 207 | Steel Burrill J.10p | 240 | +1 | †9.0 | 2.0 | 5.1 | 13.4 |
| 668 | 405 | Stewart Wr. 20p | 618 | ..... | 13.0 | 2.0 | 2.9 | 21.9 |
| 612 | 377 | Sturge Hldgs 20p | 513 | ..... | †16.0 | 2.5 | 1.6 | 33.6 |
| £12¼ | 645 | Sun Alliance | £12¼ | +⅛ | †23.5 | — | 2.7 | — |
| £12¾ | 929 | Sun Life 5p | £12½xd | ..... | †28.5 | — | — | — |
| £69¾ | £39 | ♦Taisho M EDR | £47½ | –½ | 0.00% | — | 0.9 | — |
| £22¼ | £14¼ | Torchmark $1.00 | £19⅝ | +¼ | Q$1.00 | — | 3.1 | — |
| 385 | 255 | Trade Indemnity | 385xd | ..... | †4.3 | — | 1.5 | — |
| £34 | £24⅞ | Travelers $1.25 | £27¼ | –¼ | $2.28 | — | 5.0 | — |
| £30¼ | £22¼ | USF & G Corp $2.50 | £26⅝ | +¼ | Q$2.48 | — | 6.2 | — |
| £33¼ | £20⅞ | USLIFE Corp. $1.0 | £24⅝ | –¼ | Q$1.20 | 3.2 | 3.0 | 5.3 |
| 728 | 555 | ♦Utd Friendly B 10p | 728 | ..... | 21.0 | — | 4.0 | — |
| 464 | 345 | Willis Faber 12½p | 417xd | –8 | †10.75 | 2.4 | 3.5 | 15.9 |
| 128 | 41 | Windsor Secs. 10p | 126 | +1 | †0.7 | 1.5 | 0.8 | — |

## LEISURE

## MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING, ADVERTISING

## PAPER, PRINTING—Continued

## PROPERTY

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TEXTILES—Cont.

## TOBACCOS

## TRUSTS, FINANCE, LAND

Investment Trusts

## FINANCE, LAND—Cont.

Finance, Land, etc

## OIL AND GAS

## OIL AND GAS—Continued

## OVERSEAS TRADERS

## PLANTATIONS

Rubbers, Palm Oil

Teas

## MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

## MINES—Continued

Tins

Miscellaneous

## THIRD MARKET

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- † Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| | | |
|---|---|---|
| Albany Inv 20p | 90xd | ..... |
| Craig & Rose £1 | 763 | ..... |
| Finlay Pkg. 5p | 111xd | ..... |
| Holt (Jos) 25p | £10½ | ..... |
| IoM Stm. £1 | 293 | +15 |

IRISH

| | | |
|---|---|---|
| Fund 11¾% 1988 | £100¼xd | ..... |
| Nat. 9¾% 84/89 | £98¾ | ..... |
| Fin. 13% 97/02 | £107⅝ | ..... |
| Arnotts | 365 | –10 |
| CPI Hldgs | 65 | ..... |
| Carrol Inds. | 192 | ..... |
| Dublin Gas | 40¢ | ..... |
| Hall (R. & H.) | 195 | ..... |
| Heiton Hldgs. | 74 | –1 |
| Irish Ropes | 185 | ..... |
| Unidare | 420 | ..... |

## TRADITIONAL OPTIONS

3-month call rates

| Industrials | p |
|---|---|
| Allied-Lyons | 40 |
| Amstrad | 19 |
| BAT | 62 |
| BOC Grp. | 50 |
| BSR | 17 |
| BTR | 36 |
| Babcock | 32 |
| Barclays | 52 |
| Beecham | 52 |
| Blue Circle | 50 |
| Boots | 30 |
| Bowaters | 50 |
| Brit Aerospace | 50 |
| Brit. Telecom | 28 |
| Burton Ord | 32 |
| Cadburys | 25 |
| Charter Cons. | 45 |
| Comm Union | 34 |
| Courtaulds | 45 |
| FNFC | 32 |
| Gen Accident | 95 |
| GEC | 22 |
| Glaxo | 200 |
| Grand Met | 50 |
| GUS 'A' | 125 |
| Guardian | 95 |
| GKN | 38 |
| Hanson Tst. | 17 |
| Hawker Sidd | 58 |
| ICI | 125 |
| Jaguar | 52 |
| Ladbroke | 45 |
| Legal & Gen | 32 |
| Lex Service | 45 |
| Lloyds Bank | 35 |
| Lucas Inds. | 75 |
| Marks & Spencer | 22 |
| Midland Bk | 45 |
| Morgan Grenfell | 55 |
| NEI | 13 |
| Nat West Bk | 65 |
| P & O Dfd | 65 |
| Plessey | 20 |
| Polly Peck | 34 |
| Racal Elect | 32 |
| RHM | 35 |
| Rank Org Ord | 70 |
| Reed Intnl | 50 |
| STC | 30 |
| Sears | 16 |
| TI | 37 |
| TSB | 12 |
| Tesco | 18 |
| Thorn EMI | 65 |
| Trust Houses | 25 |
| Turner Newall | 26 |
| Unilever | 62 |
| Vickers | 20 |
| Wellcome | 42 |
| **Property** | |
| Brit Land | 30 |
| Land Securities | 50 |
| MEPC | 48 |
| Peachey | 40 |
| **Oils** | |
| Brit Petroleum | 32 |
| Britoil | 30 |
| Burmah Oil | 52 |
| Charterhall | 10 |
| Premier | 11 |
| Shell | 125 |
| Tricentrol | 11 |
| Ultramar | 26 |
| **Mines** | |
| Cons Gold | 125 |
| Lonrho | 28 |
| Rio T Zinc | 100 |

A selection of Options traded is given on the London Stock Exchange Report Page.

| Account Dealing Dates | | | |
|---|---|---|---|
| *First Dealings | Option Declarations | Last Dealings | Account Day |
| Sept 28 | Oct 8 | Oct 9 | Oct 19 |
| Oct 12 | Oct 22 | Oct 23 | Nov 2 |
| Oct 26 | Nov 5 | Nov 6 | Nov 16 |

* New time dealings may take place from 9.00 am two business days earlier.

# Government bonds close lower and equities trim early gains in slack trade

The UK securities markets opened firmly yesterday but lost confidence towards the close as worries over world interest rates turned UK Government bonds lower.

The stock market was again enlivened by takeover developments, which added substantially to last week's total of pending acquisition bids. But turnover in the major blue chips remained disappointing.

The FT-SE 100 index closed a net 3.6 up at 2385.8, after turning back from a 17 point rise at mid-session. Trading was distorted by a major electrical power failure in the City of London which prevented several market makers from playing their normal role in the SEAQ trading network. Normal power was restored late in the afternoon, after nearly 30,000 City customers had suffered interrupted power services.

UK markets were also badly unsettled by a sharp downswing in early trading on Wall Street. The Government bond sector started the session well despite the fall in Japanese bonds to new lows, accompanied by weakness in New York Federal securities. But retail interest was still thin, and prices slipped off at the end of the day as London cast a wary eye on New York's bond market.

Also upsetting equities was the sharp loss in Calor Group shares after the board rejected a £820m offer from Burmah Oil and SVP Holdings of Holland—an offer then withdrawn. The market awaited reported moves to place the shares in Guinness held by Schenley Industries of the US.

GEC responded vigorously to hints that a $1.8bn order from the US Navy will be disclosed soon.

Glaxo shares were out of fashion after some London brokers took the view that the substantial rise of the past 18 months has been overdone. But Imperial Chemical Industries rose sharply at first, before reacting sharply to the setback in the Wall Street market.

The disclosure that UK retail sales and credit are still strong helped to unsettle the Gilt-edged sector before the close. But retail shares held up better than other sectors of the equity market.

The major clearing banks featured Barclays, finally 11 higher at 631p helped by bullish comment from brokers Scrimgeour Vickers, but revived worries about third world debts clipped 6 from Lloyds at 358p and 4 from Midland at 546p. Elsewhere, stake speculation boosted Royal Bank of Scotland 18 to 436p.

Merchant Banks were much quieter as excitement generated by TSB's bid for Hill Samuel simmered down. Morgan Grenfell, suggested last week as the next possible recipient of a bid, came back 12 to 579p.

Composite Insurances continued to feature Commercial Union which gained 19 to 438p on speculation that a sizeable stake in the company is about to be announced. General Accident were firm at £11½, up ¼, while Sun Alliance gained a like amount to £12½. Royals were a shade dearer at 593p; Royal Life Trust Managers are thought to have had good response to its uni trust offer with sales of a least £600m.

Equity and Law were unchanged at 455p despite suggestions that French industrial group Du Midi was set to raise its offer for the company to 460p per share. Pearl were a firm market at 508p, up 13, while Legal and General improved 4 to 364p. London and Manchester picked up 4 to 360p awaiting today's improved 4 to 364p. London and Manchester picked up 4 to 360p awaiting today's interim dividend announcement.

A newspaper report that several UK broking houses were courting Schenley Industries' chief Meshulam Riklis with bids for the US group's 3½ per cent shareholding in Guinness fell on deaf ears. Only 1.5m shares traded and the price lost 4 to 371p, although it was suggested that the sale of this remaining sizeble stake would put zip into the shares. Boddington gained 3 to 145½p on a Press recommendation of a "cheap situation."

Turnover among leading Building issues remained at relatively high levels. Blue Circle continued to attract buyers at 503p, up 8, while Tarmac saw a useful two-way trade around the 308p level and closed 4 better at 308p. BPB Industries firmed 6 to 346p initially on a combination of domestic and European demand, but later closed unchanged, while RMC, reflecting steady support, put on 9 to 534p. Magnet traded briskly and rose 7 to 284p, but Ibstock Johnsen, a particularly firm market recently, encountered profit-taking and shed 10 to 234p.

Aberdeen Construction, in receipt of a bid approach from an unnamed party, met with a burst of support and rose 31 to 340p. Hewden-Stuart gained 10½ to 150½p in reply to interim profits some £2m above market estimates, while buying ahead of Thursday's preliminary results lifted Ben Bailey 9 to 80p. Newsletter comment helped Howard Holdings rise 5 to 173p, but British Dredging eased 9 to 230p, the increased half-year profits discounted.

Buyers took an optimistic view of ICI ahead of the company's forthcoming Japanese presentation and the price touched £16½ prior to closing unchanged at £16⅛. Yorkshire Chemicals attracted fresh support at 243p, up 10, while Cealite revived with a gain of 6 at 424p. James Halstead rose 13 to 238p following the good annual results.

Mail Order concerns came back with a vengeance. Leading the way was Empire Stores, which only last Thursday reported poor half-yearly profits. Since then analysts have downgraded their full-year projections and some have issued sell advice, encouraging marketmakers to go short of stock. But the appearance of a large buyer yesterday caught the market unawares, exerting a squeeze on traders' book positions. The business also aroused speculation of stake-building prior to a takeover bid and Empire closed 25 up at 267p. Freemans followed with a rise of 9 to 239p.

Thoughts that the shares have been overlooked recently took Burton 7 higher to 299p, while trading news helped Debfer rise 13 to 425p and Lloyds Chemists 5 to 210p. Press mention induced demand for Ward White, which could be ready to announce a US acquisition, and the shares ended 12 dearer a 431p.

GEC earned the distinction of the day's most active stock with some 25m shares traded. Reports that the group, through its subsidiary Marconi, was set to win a contract worth £1.8bn to supply the US navy with ultra-sophisticated radio equipment encouraged the activity. GEC rose 4 to 238p but System X partner, Plessey, came back 6½ to 221p after adverse publicity on the resignation of Sir James Blyth. International Signal rallied 3 to 230p following the official denial of any Ferranti family opposition to the proposed merger.

GKN closed a couple of pence harder at 415p following the sale of the clutch business owned by its subsidiary Laycock Engineering. Weekend newspaper comment left Bulleagh 15 higher at 535p, while occasional investment demand prompted a rise of 8 at 553p in Glynwed.

Speculation continued to surround Foods with both S. & W. Berisford, 433p, and bidder Associated British Foods, 378p, moving further ahead. Other strong candidates were Fitch Lovell, up 16 more at 354p, and Northern Foods, 12 higher at 313p. Confirmation of the largest-ever European management buy-out supported ASDA-MFI, which finally improved to 208p; the group is selling MFI and the associated Hygena furniture manufacturer to a management consortium for £705m. Acquisition hopes lifted Sims Catering 15 to 455p, while J. England jumped 50 to 180p on the disclosure that Clowes Holdings had bought a 29.9 per cent stake at 125p per share. Peter Clowes and Guy Cramer will be joining the board in non-executive roles.

Publicity given to an analysts' visit encouraged fresh support of Trusthouse Forte but the price later reacted to close with little alteration at 278p.

Wellcome were a reasonably lively market (some 2.6m shares changed hands) in the wake of an Aids conference in the U.S. and closed 17 to the good at 564p.

Other Pharmaceutical issues, however, traded quietly, although Boots managed a modest gain of 2 at 308p in response to week-end Press comment. Elsewhere, Parker Knoll A, boosted afresh by the recent excellent figures, advanced 50 further to 905p. R. W. Toothill improved 30 to 390p in sympathy. Pearson, in which Rupert Murdoch recently acquired a near 15 per cent stake, continued to make headway and put on 9 further to 965p, while Reed International improved 5 more to 625p. Press mention encouraged occasional support for Rank Organisation, 12 to the good at 731p, and Avon Rubber, 7 dearer at 850p. Beatson Clark featured a rise of 15 at 416p on the IEP Securities increased stakeholding. In contrast, Securicor eased 5 to 373p in the wake of the company's entry into the temporary employment market via the acquisition of a 51 per cent stake in a new subsidiary which will be the holding company for two established employment agencies.

T. Cowie's sale of its near-15 per cent stake in Lookers for £4.7m brought little response. T. Cowie finished marginally cheaper at 178p while lookers unchanged at 395p. Among other Distributors, Frank G. Gates improved to 207p after higher mid-term profits.

United Newspapers, which recently announced the sale of Burrups to St Ives for some £41m cash, remained in the limelight, rising 31 more to 671p in response to demand on Fleet Street redevelopment prospects. Elsewhere, Shandwick rose 30 to 610p on the proposal to acquire the U.S. based Miller, an independent public relations agency in the high technology field. J. Michael Design jumped 22 to 117p following the alternative consortium proposals.

Properties passed a relatively lively session. Bumper half-year figures prompted a gain of 35 to 820p in ASDA, while Hardanger, responding to a newsletter recommendation, moved ahead to close 20 higher at 945p. Buying in a limited market left Ewart New Northern 50 to the good at 325p. Demand persisted for Kentish Properties which put on 6 further to 270p.

A selectively firm Textile sector was featured by a rise of 16 to 416p in Lamont on the bumper half-yearly figures. Dawson International edged up 4 to 345p in response to Press mention.

First-time closing prices for the five new classes of securities of Scottish National, possibly the largest split capital trust in the UK, were: Income shares 96p, Capital 94p, Warrants 35p, Stepped preference 99p and Zero dividend preference 98¾p. Bertrams, last week's high-flier on the approach to two maor shareholders, ran into profit-taking and ended 14 down at 123p.

A combination of cheerful trading statements and newspaper comment gave selected Financials a boost. AC Holdings surged 1½ more to £13 with sharply increased profits outweighing a call for fresh funds, via a near-£10m rights issue. Baltic rose 15 to 348p and Aitken Hume added 4 at 150p. Smith New Court continued to prosper, gaining 15 further to a best-ever 328p, but Britannia Arrow remained out of favour at 200p, down 3¼.

The oil majors traded firmly during the morning, but wilted late in the session as Wall Street came in lower. Nevertheless, Shell provided a bright feature, rising ¼ to £14 on thoughts that the shares could perform well both prior to, and after the BP offer; BP edged up ½ to 375½p. Recent favourite Ultramar, strongly supported of late on stake speculation, softened 8 to 306p, but Britoil held up well and closed 3 better at 336p.

Confirmation of an offer worth 575p per share from Burmah/SHV, conditional on acceptance by the board by Wednesday, sparked off a bout of profit-taking in Calor Group which, on the announcement dipped to 536p; following Calor's decision to reject the offer and its subsequent withdrawal by Burmah/SHV, the Calor share price settled some 50 points lower at 523p.

Details of the holdings of some US mutual funds touched off good activity in Lonrho and the close was 11½ up at 347p. On a more sour note, James Finlay dipped 5 to 107p following news of the first-half loss.

GEC continued to attract the lion's share of traded option activity in the wake of last week's disclosure of the proposed merger of its telecommunications acitivities with that of Plessey. GEC attracted 6,176 calls—2,054 in the October 240s and 1,982 to the October 220s. 2,617 puts were recorded in the October 240s. Hanson Trust were also active with 6,623 calls transacted—with 2,231 in the March 160 series. Rolls-Royce contributed 2,660 calls and 295 puts. The FTSE contract registered 2,437 calls and 2,722 puts.

## FINANCIAL TIMES STOCK INDICES

| | Oct. 5 | Oct. 2 | Oct. 1 | Sep. 30 | Sep. 29 | Year ago | 1987 High | 1987 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 85.86 | 85.65 | 85.72 | 85.55 | 85.51 | 82.74 | 93.32 (8/5) | 84.49 (6/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 91.76 | 92.16 | 91.84 | 91.61 | 91.76 | 90.00 | 99.12 (15/6) | 90.25 (2/1) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary ♥ | 1873.7 | 1872.3 | 1860.9 | 1853.7 | 1849.8 | 1251.2 | 1,926.2 (16/7) | 1,320.2 (2/1) | 1,926.2 (16/7/87) | 49.4 (26/6/40) |
| Gold Mines | 439.6 | 438.2 | 444.9 | 453.1 | 456.9 | 316.2 | 497.5 (4/8) | 280.2 (19/2) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| Ord. Div. Yield | 3.14 | 3.14 | 3.16 | 3.16 | 3.17 | 4.44 | | | | |
| Earnings Yld.%(full) | 7.70 | 7.68 | 7.72 | 7.74 | 7.75 | 10.18 | | | | |
| P/E Ratio (net) (*) | 15.89 | 15.94 | 15.86 | 15.82 | 15.80 | 12.04 | | | | |
| SEAQ Bargains (5 pm) | 44,261 | 37,884 | 37,996 | 35,856 | 37,458 | — | | | | |
| Equity Turnover (£m) | — | 1535.16 | 1766.02 | 1891.17 | 2134.61 | 487.86 | | | | |
| Equity Bargains | — | 41,900 | 43,529 | 42,828 | 44,046 | 18,004 | | | | |
| Shares Traded (ml) | — | 523.0 | 622.7 | 645.6 | 733.7 | 242.4 | | | | |

### S.E. ACTIVITY

| Indices | Oct. 2 | Oct. 1 |
|---|---|---|
| Gilt Edged Bargains | 94.7 | 109.4 |
| Equity Bargains | 271.5 | 282.0 |
| Equity Value | 3103.0 | 3569.6 |
| 5-Day Average | | |
| Gilt Edged Bargains | 109.2 | 116.7 |
| Equity Bargains | 282.0 | 294.4 |
| Equity Value | 3499.4 | 3610.2 |

| ♥ Opening | 10 a.m. | 11 a.m. | Noon | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1878.8 | 1880.7 | 1880.6 | 1881.2 | 1884.0 | 1885.1 | 1882.6 | 1880.2 |

Day's High 1885.2 Day's Low 1873.7. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1567. * Nil=15.67.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

## Traditional Options

- First dealings Oct 5
- Last dealings Oct 16
- Last declaration —
- For Settlement —

*For rate indications see end of London Share Service*

Stocks dealt in for the call included Ossery Estates, Fitch Lovell, Pict Petroleum, West Coast Minerals, Astra Holdings, Rothmans, H. and J. Quick, Rugby Group, St Ives, Central Securities, Benjamin Priest, Bat Industries, Camford Engineering, Aran Energy, Barratt Developments, GM Firth, Ferranti, Windsor Securities, Hestair, Oliver Resources, Dale Electric, Stormgard, Rotaprint, GEC and STC. Puts were arranged in Land Securities and Tranwood Warrants, while a double option was transacted in Benjamin Priest.

## TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

| Stock | Volume 000's | Closing price | Day's change | Stock | Volume 000's | Closing price | Day's change |
|---|---|---|---|---|---|---|---|
| ASDA-MFI | 16,000 | 208 | +1 | ICI | 1,400 | £16⅛ | — |
| Allied Lyons | 3,000 | 441 | — | Jaguar | 264 | 575 | — |
| Amstrad | 885 | 177 | −2 | Ladbroke | 927 | 456 | — |
| Argyll Group | 5,700 | 245 | −3 | Land Securities | 914 | 592 | −11 |
| Assoc. Brit. Foods | 754 | 378 | +6 | Legal & Gen. | 2,200 | 364 | +4 |
| BAA | 4,200 | 142 | −3 | Lloyds Bank | 832 | 358 | −6 |
| BAT | 913 | 707 | +3 | Lonrho | 4,600 | 347 | +11½ |
| BET | 2,200 | 304 | +2 | Lucas | 397 | 786 | −7 |
| BICC | 522 | 422 | — | MEPC | 366 | 557 | −3 |
| BOC | 1,400 | 553 | +4 | Marks & Spencer | 3,700 | 242 | +2 |
| BPB Inds | 1,400 | 340 | — | Midland Bank | 1,100 | 546 | −4 |
| BPCC | 113 | 360 | +2 | Natwest Bank | 1,200 | 763 | +3 |
| BTR | 1,100 | 359 | −1 | Next | 2,100 | 360 | −6 |
| Barclays | 3,300 | 631 | +11 | Pearson | 649 | 965 | +9 |
| Bass | 225 | 995 | −5 | P & O | 174 | 729 | −2 |
| Beecham | 706 | 572 | −4 | Pilkington Bros | 2,400 | 327 | −4 |
| Blue Arrow | 1,800 | 167 | — | Plessey | 7,900 | 221 | −6½ |
| Blue Circle | 1,700 | 503 | +8 | Prudential | 742 | £11⅛ | +0⅛ |
| Boots | 2,900 | 308 | +2 | Racal | 3,300 | 336 | −7 |
| Brit. Airways | 4,600 | 217 | −5 | Rank Org. | 1,100 | 731 | +12 |
| Brit. Aero | 854 | 539 | — | RHM | 251 | 566 | −1 |
| Brit. & Comm. | 940 | 529 | +2 | Reckitt & Col | 294 | £10⅝ | −0⅛ |
| British Gas | 6,600 | 174½ | −1 | Redland | 1,200 | 527 | +2 |
| Britoil | 6,900 | 336 | +3 | Reed Intl. | 2,300 | 619 | −1 |
| BP | 3,200 | 375½ | +0½ | Reuters | 1,000 | 910 | +4 |
| Brit. Telecom | 8,200 | 271½ | +2½ | RTZ | 146 | £13½ | −0⅛ |
| Bond | 1,600 | 253 | +7 | Rolls-Royce | 5,100 | 210 | −4 |
| Burton | 6,100 | 299 | +7 | Rothmans Intl | 295 | 448 | −5 |
| Cable & Wire | 4,100 | 505 | −4 | Rowntree | 381 | 561 | +1 |
| Cadbury Schweps | 776 | 283 | −1 | Ryl Bank Scotland | 2,600 | 436 | +18 |
| Coats Viyella | 961 | 414 | −6 | Royal Insurance | 2,600 | 593 | +3 |
| Comm. Union | 4,900 | 438 | +19 | STC | 3,500 | 288 | −2 |
| Cons. Gold | 327 | £14⅛ | +0⅛ | Sainsbury | 1,000 | 280 | −1 |
| Cookson | 102 | 838 | −1 | Scott & Newcastle | 1,900 | 265 | +3 |
| Courtaulds | 1,900 | 531 | −1 | Sears | 1,400 | 173 | −2½ |
| Dee Corpn. | 4,600 | 210 | −5 | Sedgwick | 312 | 296 | — |
| Dixons Group | 3,500 | 385 | −7 | Shell Trans | 2,300 | £14 | +0¼ |
| English China Clays | 1,800 | 537 | −9 | Smith & Nephew | 7,500 | 199 | +4 |
| Fisons | 3,600 | 354 | −2 | Standard Chart. | 96 | 823 | −1 |
| Gen. Accident | 110 | £11½ | +0¼ | Storehouse | 3,500 | 402 | −11 |
| Gen. Elect. | 24,500 | 238 | +4 | Sun Alliance | 1,000 | £12½ | +0¼ |
| Glaxo | 1,100 | £17⅞ | −0⅛ | TSB | 3,700 | 140½ | −0½ |
| Globe Investment | 405 | 192 | — | Tarmac | 4,100 | 308 | +4 |
| Granada | 1,300 | 360 | +4 | Tesco | 1,600 | 191 | −2 |
| Grand Met | 1,900 | 564 | −6 | Thorn EMI | 398 | 724 | −6 |
| GUS "A" | 341 | £15⅝ | — | Trafalgar House | 2,900 | 418 | −7 |
| Guardian R.E. | 235 | £11½ | — | T'house Forte | 8,700 | 278 | +1 |
| GKN | 1,100 | 415 | +2 | Ultramar | 2,100 | 306 | −8 |
| Guinness | 1,400 | 371 | −4 | Unilever | 485 | 657 | +5 |
| Hammerson | 23 | 680 | −10 | United Biscuits | 692 | 326 | −1 |
| Hanson Trust | 5,800 | 155 | +2½ | Wellcome | 2,500 | 559 | +12 |
| Hawker Sidd. | 730 | 600 | +2 | Whitbread "A" | 1,400 | 335 | −1 |
| Hillsdown Hldgs | 569 | 347 | +2 | Woolworth | 624 | 363 | +1 |

## NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (172)

AMERICANS (7), CANADIANS (2), BANKS (1), BREWERS (4), BUILDINGS (9), CHEMICALS (10), STORES (10), ELECTRICALS (11), ENGINEERING (7), FOODS (1), INDUSTRIALS (28), INSURANCE (2), LEISURE (6), MOTORS (3), NEWSPAPERS (2), PAPERS (4), PROPERTY (6), SHIPPING (1), SHOES (2), TEXTILES (3), TRUSTS (43), OILS (4), OVERSEAS TRADERS (1), PLANTATIONS (1), MINES (5).

NEW LOWS (5)

BRITISH FUNDS (2) Tr. 2pc I-L 2006, Tr. 2pc I-L 2016, CANADIANS (1) Bank Nova Scot., ELECTRICALS (1) Redima, TRUSTS (1) Aust. Merch.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 45 | 11 | 6 |
| Corporations, Dominion and Foreign Bonds | 22 | 7 | 26 |
| Industrials | 495 | 400 | 685 |
| Financial and Properties | 186 | 113 | 326 |
| Oils | 35 | 29 | 50 |
| Plantations | 1 | 0 | 13 |
| Mines | 45 | 56 | 93 |
| Others | 92 | 77 | 71 |
| Totals | 971 | 693 | 1,270 |

## FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Mon Oct 5 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (27%) | Est. P/E Ratio (Net) | xd adj. 1987 to date | Fri Oct 2 Index No. | Thu Oct 1 Index No. | Wed Sep 30 Index No. | Year ago (approx) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (214) | 1012.68 | — | 6.90 | 2.78 | 18.20 | 17.43 | 1013.26 | 1008.72 | 999.91 | 658.91 |
| 2 | Building Materials (30) | 1264.68 | +0.3 | 7.35 | 2.86 | 16.96 | 21.17 | 1261.30 | 1263.34 | 1253.80 | 742.91 |
| 3 | Contracting, Construction (33) | 1884.64 | +0.5 | 6.52 | 2.66 | 20.49 | 27.76 | 1875.03 | 1857.03 | 1846.80 | 1124.80 |
| 4 | Electricals (14) | 2576.22 | +0.2 | 6.72 | 3.37 | 18.95 | 46.23 | 2570.04 | 2547.40 | 2533.35 | 1692.06 |
| 5 | Electronics (34) | 2174.39 | −0.1 | 7.40 | 2.32 | 17.62 | 34.51 | 2177.39 | 2152.86 | 2122.99 | 1421.48 |
| 6 | Mechanical Engineering (60) | 539.64 | −0.5 | 6.78 | 2.97 | 18.55 | 10.70 | 542.43 | 539.45 | 534.12 | 360.16 |
| 8 | Metals and Metal Forming (7) | 591.62 | +0.5 | 6.78 | 2.76 | 17.90 | 8.88 | 588.84 | 587.68 | 582.35 | 327.80 |
| 9 | Motors (14) | 406.92 | −0.4 | 7.19 | 2.77 | 16.28 | 5.75 | 408.39 | 405.86 | 403.35 | 269.82 |
| 10 | Other Industrial Materials (22) | 1724.89 | −0.2 | 6.02 | 3.01 | 19.73 | 35.24 | 1728.69 | 1733.38 | 1723.33 | 1218.77 |
| 21 | CONSUMER GROUP (183) | 1379.31 | — | 5.94 | 2.51 | 21.45 | 17.74 | 1379.86 | 1376.85 | 1367.67 | 906.60 |
| 22 | Brewers and Distillers (22) | 1221.45 | −0.5 | 8.29 | 3.01 | 15.24 | 17.51 | 1227.23 | 1224.49 | 1228.05 | 905.40 |
| 25 | Food Manufacturing (23) | 1050.88 | +0.6 | 7.81 | 2.96 | 18.41 | 16.30 | 1044.73 | 1042.39 | 1017.87 | 682.76 |
| 26 | Food Retailing (16) | 2534.90 | −0.6 | 5.81 | 2.33 | 22.93 | 36.85 | 2551.47 | 2564.86 | 2512.64 | 1887.08 |
| 27 | Health and Household Products (10) | 2634.44 | −0.4 | 3.93 | 1.54 | 29.47 | 16.41 | 2644.31 | 2634.54 | 2654.46 | 1509.53 |
| 29 | Leisure (31) | 1474.28 | +0.1 | 5.52 | 3.00 | 22.65 | 27.70 | 1472.61 | 1459.71 | 1450.62 | 901.80 |
| 31 | Packaging & Paper (15) | 717.42 | +0.4 | 5.88 | 2.54 | 22.38 | 10.75 | 714.49 | 713.79 | 714.17 | 449.74 |
| 32 | Publishing & Printing (15) | 5070.66 | +0.8 | 4.04 | 2.79 | 31.79 | 67.01 | 5028.81 | 4998.96 | 4969.45 | 2535.58 |
| 34 | Stores (35) | 1117.87 | +0.1 | 6.31 | 2.60 | 21.47 | 14.37 | 1116.74 | 1115.49 | 1105.61 | 833.44 |
| 35 | Textiles (16) | 910.82 | −0.4 | 6.93 | 2.53 | 16.68 | 12.15 | 914.52 | 912.97 | 907.19 | 518.30 |
| 40 | OTHER GROUPS (86) | 1191.86 | +0.3 | 7.31 | 2.98 | 17.04 | 20.55 | 1188.40 | 1177.34 | 1172.62 | 746.96 |
| 41 | Agencies (17) | 1747.64 | +0.2 | 3.60 | 1.30 | 36.50 | 15.86 | 1744.02 | 1739.85 | 1730.68 | 0.0 |
| 42 | Chemicals (21) | 1545.46 | +0.2 | 6.38 | 2.97 | 19.16 | 32.41 | 1542.60 | 1525.40 | 1514.59 | 979.73 |
| 43 | Conglomerates (13) | 1538.11 | +0.8 | 6.69 | 3.04 | 17.10 | 22.10 | 1526.26 | 1502.70 | 1500.91 | 0.0 |
| 45 | Shipping and Transport (11) | 2378.85 | −0.6 | 7.11 | 3.46 | 18.49 | 51.44 | 2393.78 | 2392.77 | 2381.94 | 1434.12 |
| 47 | Telephone Networks (2) | 1120.93 | +0.5 | 9.05 | 3.41 | 14.75 | 18.98 | 1115.28 | 1105.75 | 1094.76 | 721.17 |
| 48 | Miscellaneous (22) | 1773.70 | +0.1 | 8.55 | 2.66 | 13.94 | 32.28 | 1771.19 | 1752.86 | 1763.11 | 1041.37 |
| 49 | INDUSTRIAL GROUP (483) | 1249.23 | — | 6.57 | 2.71 | 19.19 | 18.96 | 1248.65 | 1242.73 | 1234.69 | 807.26 |
| 51 | Oil & Gas (17) | 2290.02 | +0.3 | 7.48 | 4.28 | 16.48 | 65.09 | 2283.80 | 2277.89 | 2284.48 | 1378.67 |
| 59 | 500 SHARE INDEX (500) | 1337.66 | +0.1 | 6.70 | 2.93 | 18.75 | 22.93 | 1336.60 | 1338.66 | 1323.85 | 854.66 |
| 61 | FINANCIAL GROUP (119) | 888.54 | +0.4 | – | 3.45 | – | 18.77 | 885.32 | 879.59 | 874.99 | 575.68 |
| 62 | Banks (8) | 874.91 | +0.4 | 15.25 | 4.45 | 8.67 | 25.98 | 871.52 | 868.45 | 860.31 | 628.95 |
| 65 | Insurance (Life) (9) | 1257.18 | +1.4 | – | 3.52 | – | 25.73 | 1239.72 | 1229.33 | 1224.95 | 819.97 |
| 66 | Insurance (Composite) (7) | 700.88 | +1.7 | – | 3.93 | – | 15.97 | 688.96 | 688.08 | 684.04 | 447.12 |
| 67 | Insurance (Brokers) (8) | 1274.24 | −0.8 | 8.72 | 4.49 | 14.66 | 36.87 | 1284.74 | 1285.90 | 1259.30 | 1198.67 |
| 68 | Merchant Banks (12) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 69 | Property (48) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 70 | Other Financial (27) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 71 | Investment Trusts (89) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 81 | Mining Finance (2) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 91 | Overseas Traders (10) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 99 | ALL-SHARE INDEX (720) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| | FT-SE 100 SHARE INDEX ♦ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### FIXED INTEREST

| | PRICE INDICES | Mon Oct 5 | Day's change % | Fri Oct 2 | xd adj. today | xd adj. 1987 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 120.14 | +0.13 | 120.21 | 0.22 | 9.31 |
| 2 | 5-15 years | 134.59 | +0.24 | 134.27 | — | 10.50 |
| 3 | Over 15 years | 142.31 | +0.42 | 141.72 | — | 10.29 |
| 4 | Irredeemables | 157.02 | +0.44 | 156.33 | — | 8.81 |
| 5 | All stocks | 132.07 | +0.24 | 131.84 | 0.08 | 10.14 |
| | Index-Linked | | | | | |
| 6 | 5 years | 119.92 | +0.03 | 119.88 | — | 2.18 |
| 7 | Over 5 years | 110.49 | −0.12 | 110.63 | — | 2.60 |
| 8 | All stocks | 111.11 | −0.11 | 111.23 | — | 2.55 |
| 9 | Debentures & Loans | 114.43 | +0.61 | 113.74 | — | 8.07 |
| 10 | Preference | 82.67 | +0.04 | 82.64 | — | 4.89 |

AVERAGE GROSS REDEMPTION YIELDS (Mon Oct 5 / Fri Oct 2 / Year ago (approx.)): British Government, Index-Linked, Debs & Loans, Preference — [illegible]

♦Opening index 2391.4; 10 am 2393.0; 11 am 2392.1; Noon 2393.4; 1 pm 2397.4; 2 pm 2399.5; 3 pm 2395.7; 3.30 pm 2392.6; 4 pm 2393.0

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

## LONDON TRADED OPTIONS

| Option | | Calls Oct. | Calls Jan. | Calls Apr. | Puts Oct. | Puts Jan. | Puts Apr. |
|---|---|---|---|---|---|---|---|
| Allied Lyons (*442) | 390 | 55 | 62 | 73 | 2 | 5 | 10 |
| | 420 | 27 | 40 | 53 | 4 | 16 | 22 |
| | 460 | 5 | 20 | 33 | 25 | 35 | 40 |
| Brit. Airways (*220) | 190 | 32 | — | — | 1 | — | — |
| | 200 | 22 | 31 | 40 | 2 | 8 | 11 |
| | 220 | 6 | 19 | 30 | 8 | 18 | 22 |
| [illegible] | | | | | | | |

| Option | | Calls Nov. | Calls Feb. | Calls May | Puts Nov. | Puts Feb. | Puts May |
|---|---|---|---|---|---|---|---|
| LASMO (*360) | 330 | 54 | 73 | 81 | 9 | 11 | 19 |
| | 360 | 32 | 50 | 65 | 20 | 20 | 27 |
| | 390 | 18 | 35 | 46 | 24 | 35 | 42 |
| Plessey (*223) | 200 | 28 | 36 | 45 | 3 | 7 | 12 |
| | 220 | 14 | 25 | 35 | 12 | 17 | 22 |
| | 240 | 6 | 15 | — | 22 | 28 | — |
| [illegible] | | | | | | | |

October 5. Total Contracts 53,483. Calls 39,424. Puts 14,059. FT-SE Index Calls 2,437. Puts 2,722. *Underlying security price.

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price | Amount Paid up | Latest Renunc. Date | 1987 High | 1987 Low | Stock | Closing Price | + or − | Net Div. | Times Cov'd | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | | |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1987 High | 1987 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1987 High | 1987 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

Renunciation date usually last day for dealing free of stamp duty. [illegible]

# WORLD STOCK MARKETS

## AUSTRIA

## BELGIUM/LUXEMBOURG

## DENMARK

## FINLAND

## FRANCE

## GERMANY

## ITALY

## NETHERLANDS

## NORWAY

## SPAIN

## SWEDEN

## SWITZERLAND

## AUSTRALIA

## AUSTRALIA (Continued)

## HONG KONG

## JAPAN

## JAPAN (Continued)

## SINGAPORE

## SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

## CANADA

### TORONTO

*Closing prices October 5*

### MONTREAL

*Closing prices October 5*

F - No voting rights or restricted voting rights.

## NEW YORK

## Indices

| SOUTH AFRICA | | | | | | |
|---|---|---|---|---|---|---|
| JSE Gold (28/9/78) | (u) | 2221.0 | 2239.0 | 2277.0 | 2499.0 (3/8) | 1786.0 (19/3) |
| JSE Indust (28/9/78) | (u) | 2242.0 | 2251.0 | 2257.0 | 2257.0 (30/9) | 1423.0 (2/1) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 325.44 | 318.55 | 312.96 | 311.24 | 325.44 (5/10) | 202.09 (8/5) |
| **SWEDEN** | | | | | | |
| Jacobson & P. (31/12/56) | 3227.90 | 3182.10 | 3158.20 | 3111.00 | 3227.90 (5/10) | 2111.39 (28/1) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 729.70 | 728.7 | 725.0 | 718.4 | 729.70 (5/10) | 559.7 (25/2) |
| **WORLD** | | | | | | |
| M.S. Capital Ind. (1/1/70) | (u) | 487.70 | 485.2 | 485.4 | 495.9 (27/8) | 361.3 (2/1) |

**Saturday October 3: Japan Nikkei 26,006.59 TSE 2123.53

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia, All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. (c) Closed. (u) Unavailable.

* Indicates pre-close figure

## NEW YORK ACTIVE STOCKS

| Friday | Stocks traded | Closing price | Change on day | | Stocks traded | Closing price | Change on day |
|---|---|---|---|---|---|---|---|
| Ill. Power | 1,643,500 | 25 | — | Adv. Micro | 2,266,200 | 24⅛ | +⅛ |
| Nat. Semi. | 6,018,800 | 21½ | +⅛ | Tenneco | 1,949,200 | 57⅞ | +1 |
| Caro Pwr | 4,351,400 | 35⅜ | −⅛ | IBM | 1,866,100 | 155⅝ | +⅝ |
| Varity Cp | 3,984,800 | 3⅛ | +⅛ | ATT | 1,565,300 | 34⅛ | −⅛ |
| Boston Ed | 3,980,900 | 20⅞ | −⅛ | Occ. Pete | 1,495,900 | 35 | +1⅛ |

### LONDON — Most Active Stocks
Monday, October 5, 1987

| | Stocks Traded | Closing Price | Change on Day | | Stocks Traded | Closing Price | Change on Day |
|---|---|---|---|---|---|---|---|
| Gen Elect | 24.5m | 238 | + 4 | Smith & Neph. | 7.5m | 183 | + 4 |
| Asda-MFI | 16.8m | 208 | + 1 | Bristol | 6.9m | 338 | + 3 |
| T'hse Forte | 8.7m | 278 | + 1 | Brit Gas | 6.9m | 174½ | − 1 |
| Brit Telecom | 8.2m | 271½ | + 2½ | Hanson Tr. | 5.8m | 185 | + 2½ |
| Plessey | 7.8m | 221 | − 8½ | Argyll Gr. | 5.7m | 245 | − 3 |

### TOKYO — Most Active Stocks
Monday, October 5, 1987

| | Stocks Traded | Closing Prices | Change on Day | | Stocks Traded | Closing Prices | Change on Day |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 61.74m | 421 | + 1 | Sumitomo Heavy Ind. | 21.67m | 425 | − 25 |
| Fujitsu | 38.85m | 1,550 | + 20 | Hitachi | 21.67m | 1,540 | + 10 |
| NEC | 27.84m | 2,530 | + 30 | Sumitomo Metal | 13.88m | 319 | + 1 |
| Mitsubishi Steel | 26.98m | 620 | − 2 | Mitsubishi Heavy Ind. | 13.52m | [illegible] | − 4 |
| Toshiba | 25.93m | [illegible] | − 12 | Aoki | 12.47m | 1,170 | − 20 |

## LONDON Chief price changes
(In pence unless otherwise indicated)

**RISES:**

| | | |
|---|---|---|
| Aberdeen Cons. | 340 | +31 |
| Asda Prop. | 820 | +35 |
| Bailey (B.) | 80 | + 9 |
| Baltic | 248 | +15 |
| Beat. Clark | 416 | +15 |
| Bullough | 535 | +15 |
| Comm. Union | 438 | +19 |
| Empire Sts. | 267 | +25 |
| England (J.) | 180 | +50 |
| Fitch Lov. | 354 | +16 |
| Harland Sim. | 272 | +26 |
| Hew-Stuart | 150½ | +10½ |
| Lamont Hldgs | 416 | +16 |
| Lonrho | 347 | +11½ |
| Michael Design | 117 | +22 |
| P. Knoll | 905 | +50 |
| Rank Org. | 731 | +12 |
| Ryl Bk Scot. | 436 | +18 |
| Shandwick | 810 | +30 |
| Shell Trans. | £14 | + ¼ |
| Sims Ctrg | 455 | +15 |
| Smith New Crt | 326 | +15 |
| Utd News | 671 | +31 |

**FALLS:**

| | | |
|---|---|---|
| Bertrams Inv. Tst. | 123 | −14 |
| Calor Gr. | 523 | −50 |
| Finlay (J.) | 107 | − 5 |
| Morg. Grenfell | 579 | −12 |

## OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 47

*Closing prices October 5*

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 38½ | 22 | AAR s | .50 | 1.4 | 23 | 61 | 37⅝ | 37 | 37 | |
| 52 | 23¾ | ADT | .92 | 1.8 | 29 | 3 | 51¾ | 51¾ | 51¾ | |
| 32¼ | 17 | AFG s | .16 | .5 | 11 | 528 | u32½ | 31⅞ | 32¼ | +⅜ |
| 29⅝ | 8 | AGS s | | | 24 | 1262 | u27 | 23⅞ | 26 | +1⅞ |
| 10½ | 6¾ | AMCA | | | | 4 | 9⅝ | 9½ | 9½ | −⅛ |
| 9⅜ | 5⅛ | AM Intl | | | 68 | 1421 | 7½ | 7⅛ | 7½ | +⅜ |
| 65½ | 50½ | AMR | | | 12 | 4603 | 57⅜ | 55⅞ | 56⅛ | −1¼ |
| 27½ | 24⅞ | ANR pf 2.67 | | 11. | | 4 | 25 | 25 | 25 | −½ |
| 38¾ | 35 | ARCO Ch n | | | | 2238 | 37⅞ | 37½ | 37½ | −⅛ |
| 12¼ | 8¼ | ARX s | | | 10 | 78 | 10½ | 10¼ | 10⅜ | −⅛ |
| 73½ | 34⅜ | ASA | 2a | 3.2 | | 820 | 63¼ | 61 | 63¼ | +2⅝ |
| 22⅛ | 9¾ | AVX | | | 44 | 329 | u22⅜ | 22 | 22⅛ | |
| 67 | 41¼ | AbtLab | 1 | 1.6 | 24 | 3810 | 61⅜ | 60¾ | 61 | +⅛ |
| 28 | 23¼ | AbitibI g | | | | 69 | 26 | 25⅝ | 25⅞ | +¼ |
| 16¾ | 9¾ | AcmeC .40 | | 2.5 | 16 | 1553 | 16½ | 15¾ | 15⅞ | +1⅜ |
| 10½ | 6⅝ | AcmeE 32b | | 3.5 | 56 | 37 | 9½ | 9⅛ | 9¼ | |
| 23⅞ | 19 | AdaEx 3.42e | | 15. | | 61 | 23¼ | 23 | 23 | −¼ |
| 19½ | 10 | AdmM s .24 | | 1.7 | 11 | 85 | 14⅜ | 13⅞ | 14 | −⅜ |
| 28⅞ | 12⅛ | AdvSys.62t | | 2.3 | 18 | 164 | 28⅜ | 26⅝ | 26¾ | |
| 24¾ | 12⅞ | AMD | | | | 12739 | u24⅞ | 24 | 24⅝ | |
| 56¾ | 47 | AMD pf | 3 | 5.3 | | 74 | 56¾ | 56⅜ | 56⅝ | −⅜ |
| 11⅞ | 5½ | Adobe | | | | 108 | 9½ | 9 | 9 | −⅝ |
| 20½ | 14¾ | Adob pf 1.84 | | 9.6 | | 9 | 19⅛ | 19⅛ | 19⅛ | +⅛ |
| 21⅞ | 17 | Adob pf 2.40 | | 12. | | 15 | 20⅜ | 20¼ | 20⅜ | +⅛ |
| 15 | 10⅜ | Advest .12e | | 1.0 | 9 | 118 | 12 | 11⅝ | 11⅝ | −⅜ |
| 68¼ | 53 | AetnLf 2.76 | | 4.5 | 9 | 8944 | 61¾ | 60¼ | 61⅝ | +1⅜ |
| 83½ | 30 | AhlPb s .32 | | .5 | 21 | 277 | 70¾ | 68 | 68 | −1¾ |
| 26⅞ | 18⅝ | Ahmans.88 | | 4.2 | 7 | 7077 | 20⅞ | 20½ | 20¾ | |
| 5⅜ | 2⅞ | Aileen | | | | 20 | 3⅛ | 3⅛ | 3⅛ | |
| 53⅞ | 32⅝ | AirPrd | 1 | 1.9 | 23 | 849 | 52¼ | 51⅝ | 51⅞ | +¼ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Continued on Page 47

# NYSE COMPOSITE CLOSING PRICES

Continued from Page 46

X Y Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 85 | 51½ | Xerox | 3 | 3.8 | 17 | 4702 | 78⅞ | 77¾ | 78⅜ | -⅛ |
| 58¼ | 53⅜ | Xerox pf5.45 | | 10. | | 7 | 54¼ | 53⅞ | 54⅛ | |
| 31½ | 21⅞ | XTRA | .64 | 2.2 | 24 | 13 | 29½ | 29½ | 29½ | |
| 27⅞ | 25⅜ | XTRA pf1.94 | | 7.0 | | 40 | 27⅜ | 27¾ | 27¾ | +¼ |
| 33⅞ | 16⅝ | Yorkln | | | 16 | 117 | 33½ | 33 | 33⅛ | -¼ |
| 7⅛ | 2¼ | Zapata | | | | 153 | 5⅛ | 5 | 5 | -⅛ |
| 32⅞ | 20¾ | Zayre | .40 | 1.2 | 13 | 21320 | u37 | 32¼ | 34¾ | +2½ |
| 16⅛ | 10½ | Zemex | .40 | 2.5 | 10 | 85 | 16 | 15⅝ | 15⅞ | +⅜ |
| 39⅝ | 18⅞ | ZenithE | | | 105 | 1371 | 28⅝ | 28⅛ | 28¼ | -¼ |
| 13½ | 6¼ | ZenLab | | | | 592 | 7⅝ | 7⅛ | 7⅛ | -¼ |
| 25½ | 16¾ | ZenNtl | .80 | 3.7 | 13 | 61 | 21⅞ | 21⅝ | 21⅞ | +⅛ |
| 20¾ | 12⅝ | Zero | .36 | 1.9 | 19 | 213 | 19⅜ | 18¾ | 19 | -½ |
| 30¾ | 17¾ | Zurnin s .88 | | 2.8 | 18 | 458 | 26½ | 25⅜ | 26½ | +1½ |
| 10½ | 8⅝ | Zweig | .65e | 6.1 | | 784 | u10⅝ | 10⅝ | 10⅝ | +¼ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.



# AMEX COMPOSITE CLOSING PRICES

*Closing prices, October 5*

# OVER-THE-COUNTER

*Nasdaq national market, closing prices*

Continued on Page 45

FINANCIAL TIMES

## WORLD STOCK MARKETS

AMERICA

# Inflation fears deflate bonds, depress Dow

### WALL STREET

LABOURING under the influence of another poor performance by bonds, Wall Street stock prices, buoyed by a strong computer sector, ended little changed in quiet trading yesterday, *writes Roderick Oram in New York.*

Bonds failed to follow up on Friday's modest rally after Mr Alan Greenspan, chairman of the Federal Reserve, said the Fed might raise the discount rate. A sharp rise in Japanese interest rates yesterday also contributed to the expectation of higher rates in the US.

Stocks fell from the opening leaving the Dow Jones industrial average off some 15 points by late morning. It recovered later to close down 0.81 of a point at 2,639. Broader market indices similarly closed virtually unchanged.

NYSE volume was a lacklustre 160m shares with declining issues outnumbering those advancing by 838 by 687.

Among the blue chips, General Motors fell $1⅛ to $81⅞, AT&T lost $⅜ to $33½, Du Pont edged up $⅛ to $122¾, American Express was unchanged at $36¾ and Exxon added $⅛ to $49⅞.

Computer software stocks were one of the few buoyant sectors. Microsoft rose $6½ to $79 after it said its sales in the first quarter ended September rose 50 per cent to just over $100m.

Lotus Development, up $3½ to $38¼, said it was developing a version of its 1-2-3 spreadsheet software for Apple Macintosh computers. Among others in the sector, Ashton-Tate added $2¼ to $32⅝.

A number of hardware manufacturers also posted gains. IBM gained $1¼ to $156½, Unisys added $⅛ to $47⅛, Digital Equipment jumped $5½ to $197⅜, Cray Research rose $2⅞ to $97⅜ and Seagate Technologies gained $1⅜ to $22½.

Zayre jumped $1½ to $34⅜ after the discount store chain said Mr Edward Debartolo had told it he had bought more shares and might seek control. The investor, a leading developer of shopping centres, joined briefly Allied Stores abortive attempt last year to thwart a takeover offer from Campeau.

Alexander's advanced $4⅜ to $54⅛. Interstate Properties, a New Jersey real estate developer increased its stake in the New York department store chain to 22.1 per cent. Mr Donald Trump, a New York real estate developer holds a 21 per cent stake and said he might seek majority control.

Allegheny Beverage rose $1⅜ to $11⅜. The company, a leading food service group, said it had agreed to cut to $450m from $500m the price at which it is selling its Service America unit to Servam Corp.

Union Carbide added $1½ to $32⅜. The Supreme Court left standing lower court orders that lawsuits against the chemical company for the 1984 Bhopal disaster should be tried in India.

Argonaut Insurance Group added $½ to $48. The insurance group, spun-off last year by Teledyne, agreed to a buy-out offer from Gibbons, Green, van Amerongen of New York. The offer is for $45 cash and preferred shares worth about $8 for each Argonaut share.

In the credit markets, bond prices fell from the opening after giving up ground overnight abroad. By late afternoon the benchmark 8.75 per cent Treasury long bond was off ¹⁵⁄₃₂ of a point at 91⅝₂ yielding 9.79 per cent.

In addition to Mr Greenspan's comments about the possibility of a further increase in the discount rate, the markets were also hurt by the rise in the purchasing managers' composite monthly index to 60.7 per cent in September from 59.9 per cent a month earlier. The index is considered a good leading indicator of activity, particularly in manufacturing.

Rumours that the index would fall had contributed to the modest and short-lived rally in bond prices on Friday. Other data in the purchasing managers report also indicated a stronger level of economic activity

### CANADA

BUOYANT GOLDS pulled Toronto share prices higher against declines in energy and mining stocks.

Golds were led by International Corona's massive C$30⅝ leap to C$78⅝ following an Ontario Court of Appeal ruling that the group can retain control of the Page-Williams gold mine.

Lac Minerals, which lost an earlier appeal over the mine's ownership, dipped C$2⅝ to C$15⅜. Teck Corp B, which will gain a 50 per cent share in Page-Williams when Lac turns it over to Corona, jumped C$12⅝ to C$47⅛.

Montreal moved ahead. Vancouver fell slightly.

SOUTH AFRICA

THE MODEST rise in bullion prices nudged Johannesburg gold stocks slightly higher in otherwise quiet trade.

Among leading golds, Vaal Reefs rose R4 to R434 and South Vaal was R1 ahead at R203. Harmony added 50 cents to R52. Against the trend, Grootvlei fell 30 cents to R13.20.

Mining financial Anglo American dipped R2 to R86. Gold Fields of South Africa slipped R1.75 to R94.75. It announced a fall in net first quarter earnings.

Platinums firmed, with Impala adding 25 cents to R55.50. De Beers gained 25 cents to R53.25.

In easier industrials, South African Breweries fell back 75 cents to R35.50.

ASIA

# Firmer dollar props up selected blue chips

### TOKYO

WORRIES over the possible creation of a capital gains tax hurt financial stocks in Tokyo yesterday, but support for high-technology and large-capital issues left prices mixed, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average edged up 11.74 over Saturday's close to 26,018.33 on turnover of 786.06m shares, down from 837.69m on Friday's full session. Brokers said trading was dull as a reaction to the heavy dealing in large-capital steels and shipbuilding issues which preceded the half-yearly book closing on September 30. Gains outpaced losses 484 to 403, with 145 issues unchanged.

Daiwa Securities and other brokers judged, however, that the market was stronger than it looked on the ground and that trading had started to concentrate on high priced high-tech stocks, with the outlook for such companies expected to improve with the yen's fall against the dollar.

Among high-techs, those related to Nippon Telegraph and Telephone were in demand on expectations of increased orders from the common carrier. Fujitsu rose Y20 to Y1,550 on the day's second heaviest trading of 30.97m shares. It temporarily reached Y1,570, topping its all-time high of Y1,560 scored in 1984. NEC placed third with 27.94m shares, gaining Y30 to another record high of Y2,530.

Sony, which has been leading high-tech stocks, picked up Y100 to Y5,640, while Sharp climbed Y20 to Y1,270 and Nippon Kogaku Y50 to Y1,340. Matsushita Electric Industrial, however, lost Y10 to Y2,800.

Buying of heavy electricals dwindled, though, and Toshiba fell Y12 to Y803 and Mitsubishi Electric Y10 to Y699. But Hitachi closed Y10 higher at Y1,540.

Large-capital Nippon Steel was the most active stock on trade of just 61.74m shares. It was up Y1 at Y421.

Small-lot buying pushed up contractors, with Taisei Corp jumping Y40 to Y1,060, Ohbayashi Corp Y25 to Y1,020 and Kajima Y70 to Y1,800. Volume was low, however, and even trading in Taisei, the most active among them, came to only 2.70m shares.

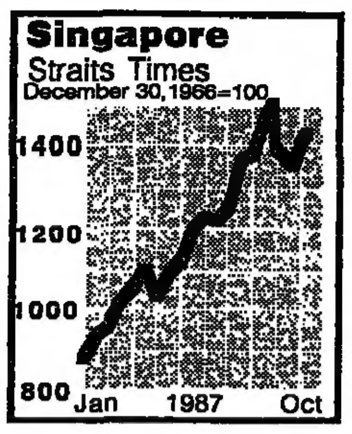
Financial issues slumped on news that the Finance Ministry is considering levying taxes on capital gains in securities transactions from the next fiscal year. The sector was also hit by a drop in bond prices and fears of rising interest rates. Sumitomo Bank plunged Y90 to Y3,630 and Sumitomo Trust and Banking Y120 to Y3,380. Nomura Securities closed Y30 cheaper at Y4,360.

The yen's fall and speculation over a simultaneous rise in Japanese and US discount rates left bond prices sharply lower. Yields surged due to short selling by some dealers amid fast declining trading.

The yield on the 5.1 per cent government bond due in June 1996 opened at 6.040 per cent, compared with Saturday's 6.000 per cent and continued rising to close at this year's high of 6.180 per cent in block trading on the Tokyo Stock Exchange. The previous high was 6.165 per cent registered on September 30. In inter-dealer trading later, the yield surged to 6.400 per cent.

Prices continued to rise on the Osaka Securities Exchange, with issues based in Kansai (western Japan) remaining popular. The OSE stock average increased 82.28 from Saturday to 26,712.00. Trading shrank 12.07m shares from Friday to 92.05m.

Rohm spurted Y280 to Y6,050, in brisk business, while buying by speculators pushed up Toa Winning and Spinning Y100 to Y1,430. Zenitaka, however, fell Y60 to Y950 under profit-taking.




### SINGAPORE

SHORT-COVERING and selected bargain-hunting for blue chips lifted Singapore prices although overseas institutions stayed on the sidelines. The Straits Times industrial index closed up 19.18 at 1,438.85.

Malayan Breweries featured among advances, putting on 50 cents to S$12.70. Shangri-La also added 50 cents to S$6.70 while OUE climbed 40 cents to S$5.95. Metro and Genting were each 30 cents higher at S$13.90 and S$7.45, respectively.

Jurong Shipyard was again most active, adding 8 cents to S$3.10. United Engineers, however, plunged 18 cents to S$1.29 on bearish rumours about a major motorway contract.

DBS featured among quality gainers, adding 20 cents to S$17.10, with Fraser and Neave up 30 cents to S$12.80.

### HONG KONG

LATE SELLING pared early gains in Hong Kong as investors grew nervous over the level of prices. The Hang Seng index closed 12.20 higher at 3,944.24, just below Thursday's record high of 3,949.73. Brokers said the market met resistance at the psychological chart marker of 3,950.

Properties, which have led the recent bull run, suffered selective profit-taking, with Cheung Kong down 10 cents at HK$13.50 and Hang Lung off 15 cents at HK$9.60. New World Development gave up 10 cents to HK$15.60. But Sun Hung Kai rose 20 cents to HK$19.80 and Hongkong Land climbed 30 cents to HK$9.45.

Stronger industrials included HK-TVB, up 10 cents at HK$16.60, and Hutchison Whampoa, 30 cents ahead at HK$15.60. Swire Pacific A added 10 cents to HK$28.20 and Wharf Holdings 40 cents to HK$11.40.

Utilities were generally weaker, with China Light 30 cents off at HK$29.50 and Hongkong Electric 10 cents lower at HK$10.60. Hong Kong and China Gas picked up 10 cents to HK$21.70.

### AUSTRALIA

SOLID demand for industrial blue chips pulled Australian share prices higher despite lacklustre interest in the resources sector. The All Ordinaries index closed up 12.9 at 2,253.4.

Trade was considerably thinned by a holiday in Sydney, and national volume was 63.9m shares.

Banking stocks flourished. Westpac was 30 cents higher at A$6.94 and ANZ rose 18 cents to A$5.60. National Australia Bank improved by 8 cents to A$5.94.

Resources were mixed in dull trade, with MIM 13 cents higher at A$3.43 and CRA 10 cents up at A$10.50. CSR added 13 cents to A$4.85, but Bougainville lost 10 cents to A$5.

In golds Gold Mines of Kalgoorlie was 35 cents down at A$9.90 and Sons of Gwalia up 20 cents at A$12.20.

EUROPE

# High-technologies lift Nikkei despite tax worries

THE FIRMER dollar gave limited support to international stocks in Europe yesterday with Swiss and Dutch shares gaining ground, while German stocks were hit by profit-taking after recent rises. Higher prices for North Sea oil fuelled Scandinavian bourses.

**Zurich** climbed to a record as banks and insurers led widespread gains in fairly active trading.

Among banks, Union Bank rose SFr250 to SFr5,240, Swiss Bank added SFr11 to SFr525 and Crédit Suisse rose SFr90 to SFr3,590. Against the trend, Bank Leu fell SFr50 to close at SFr3,950.

Industrials were steady to higher with BBC up SFr35 to SFr2,960. Among industrials, Ciba-Geigy posted a small gain of SFr10 to SFr4,220 while Sandoz advanced SFr150 to SFr15,750.

In transports Swissair rose SFr5 to SFr1,415.

**Frankfurt** succumbed to profit-taking which took prices generally lower in moderate trading. Foreign investors were thin on the ground and a late sell-off also erased many of the market's early advances.

The Commerzbank index, calculated at midsession, rose 8.4 to 2,018.8 and did not reflect the late downturn.

Electricals and cars were hardest hit by profit-taking, but machinery and banking stocks managed to hold some of their gains.

Siemens dropped DM10.30 to DM667.70 and AEG lost DM7 to DM327.50 while high-tech Nixdorf firmed 50 pfg to DM835.

Daimler shed DM5 to DM1,076 and VW fell DM4.50 to DM380 but BMW was steady at DM745 and Porsche rose DM8 to DM992.

Banks bucked the trend, with Deutsche Bank adding DM2.50 to DM710, Dresdner edging up 50 pfg to DM371 and Commerzbank firming DM1 to DM310.

The Bundesbank sold DM50.7m of paper after selling DM57.7m on Friday.

**Amsterdam** was encouraged by the firmer dollar which prompted buying and lifted prices. The ANP-CBS index rose 1.1 to 314.4, buoyed by gains among dollar sensitive internationals.

Royal Dutch was helped by rising world oil prices and added Fl 2.10 to Fl 270.50.

Akzo gained 30 cents to Fl 177.20 and KLM was up 40 cents at Fl 55.10.

Philips fluctuated after the electronics group announced plans to sell off 20 per cent of its Polygram music and recording unit via a worldwide share offer.

The news pushed Philips up 70 cents to a day's high of Fl 52.40 but late profit-taking pulled down the price to Fl 52.00 before it closed at Fl 52.10.

**Paris** saw a quiet, calm session with shares posting moderate advances to push the CAC general index up 0.7 to 410.7.

Banks and construction issues showed the way upwards while profit-taking hit oils and electrical shares.

Drinks group Pernod-Ricard, which posted a sharp rise in pre-tax consolidated profit for the first half, rose FFr10 to FFr935.

**Stockholm** soared to its fourth consecutive record in moderate trading as stocks moved broadly higher following news of one corporate takeover and speculation of another.

The Affaersvaeriden general index rose to 984.7, as SKr383m in shares changed hands, up from SKr360m on Friday.

Trading was suspended in Modo, Holmen, Iggesund and Ratos, prompting rumours of an impending deal in the forestry sector.

**Oslo** continued to gain ground on higher oil prices and optimistic expectations prior to today's 1988 draft budget. Dealers were also hopeful that the minority Labour Government's proposed 1 per cent share turnover tax would be defeated by right and centrist parties.

The all-share index gained 6.01 to 438.01 on a turnover of NKr167.6m.

As the price for Norway's North Sea oil hit $19 a barrel, Saga Petroleum closed up NKr4.5 at NKr149.5 and Norsk Hydro rose NKr2 to NKr257.5. Industrial stocks showed the biggest gains.

**Milan** moved higher in active trading as shares in the Montedison group led a strong rally. The MIB index rose 13 to 893 in busy trade and most issues continued to improve in active after-hours trading.

Short covering helped to lift activity, as did interest in Montedison, which was bolstered by reports that its subsidiary Erbamont is likely to succeed in its offer to buy the 25 per cent of Farmatalia Carlo Erba that it does not already own.

The offer, which involves a total cash outlay of about L485bn, ends today. Montedison advanced L97 to L2,318 and Farmatalia was up L65 at L12,500.

**Brussels** finished mixed with losses largely attributable to the final day of the two-week trading periods and prevailing caution over domestic political problems.

The Brussels stock index ended up 10.22 at 5,138.74, but the forward market index was 17 lower at 4,493.67 after another day of quiet trading.

**Madrid** built on its recent gains and climbed to a record as banks and chemicals led other sectors broadly higher. The general share index added 6.89 to 325.44.

### London

**AFTER AN optimistic opening, London equities lost early gains as investors grew unsettled by the sharply lower opening on Wall Street and a slump in bonds caused by worries over world interest rates.**

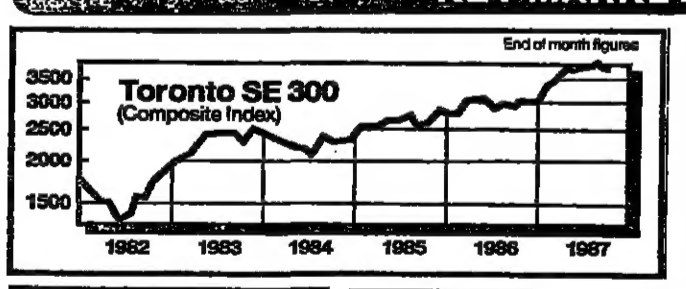
**The FT-SE 100 index closed up 3.6 at 2,385.8, having been 17 points up earlier in the day. The FT Ordinary index edged 1.4 higher to 1,873.7.**

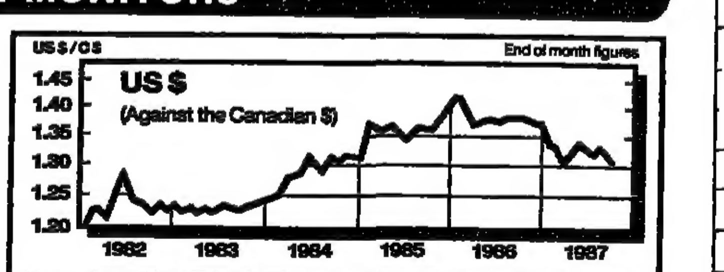
**Trading was distorted by an electrical power failure in the City of London which prevented several market makers from playing their normal role in the Seaq trading network. Power was restored later in the afternoon.**

**Government bonds were hurt by the disclosure that UK retail sales and credit are still strong, leaving them lower on the session.** **Details, Page 44.**



## KEY MARKET MONITORS




### STOCK MARKET INDICES

| | Oct 5 | Prev | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 2,628.75* | 2,640.99 | 1,774.18 |
| DJ Transport | 1,062.30* | 1,064.41 | 811.88 |
| DJ Utilities | 200.45* | 200.75 | 199.62 |
| S&P Comp. | 327.48* | 328.07 | 233.60 |
| **LONDON FT** | | | |
| Ord | 1,873.7 | 1,872.3 | 1,251.2 |
| SE 100 | 2,385.8 | 2,382.2 | 1,560.8 |
| A All-share | 1,222.12 | 1,221.32 | 777.75 |
| A 500 | 1,337.66 | 1,336.60 | 854.66 |
| Gold mines | 439.6 | 438.2 | 316.2 |
| A Long gilt | 9.91 | 9.96 | 10.40 |
| World Act. Ind (Oct 2) | 137.18 | 136.46 | 95.77 |
| **TOKYO** | | | |
| Nikkei | 26,018.33 | 25,862.45 | 17,564.4 |
| Tokyo SE | 2,119.87 | 2,114.19 | 1,492.31 |
| **AUSTRALIA** | | | |
| All Ord. | 2,253.4 | 2,241.3 | 1,253.6 |
| Metals & Mins. | 1,380.8 | 1,374.1 | 636.1 |
| **AUSTRIA** | | | |
| Credit Aktien | 229.83 | 228.59 | 234.85 |
| **BELGIAN SE** | | | |
| SE | 5,138.70 | 5,128.62 | 3,855.29 |
| **CANADA** | | | |
| *Toronto* | | | |
| Met & Mins. | 3,494.1* | 3,387.6 | 2,165.0 |
| Composite | 3,918.1* | 3,893.5 | 2,988.3 |
| *Montreal* | | | |
| Portfolio | 1,938.39* | 1,932.34 | 1,508.4 |
| **DENMARK SE** | | | |
| SE | — | 207.24 | 191.72 |
| **FRANCE** | | | |
| CAC Gen | 410.7 | 410.0 | 384.9 |
| Ind. Tendance | 107.10 | 106.60 | 94.23 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 657.80 | 654.85 | 671.70 |
| Commerzbank | 2,018.80 | 2,010.4 | 2,009.9 |
| **HONG KONG** Hang Seng | 3,944.24 | 3,932.04 | 2,134.80 |
| **ITALY** Banca Comm. | 644.54 | 634.20 | 750.74 |
| **NETHERLANDS** ANP CBS | | | |
| Gen | — | 313.30 | 280.0 |
| Ind | 262.30 | 261.90 | 280.6 |
| **NORWAY** Oslo SE | 582.14 | 574.94 | 377.71 |
| **SINGAPORE** Straits Times | 1,439.56 | 1,419.60 | 816.15 |
| **SOUTH AFRICA** JSE | | | |
| Golds | — | 2,221.0 | 1,997.0 |
| Industrials | — | 2,242.0 | 1,378.0 |
| **SPAIN** Madrid SE | 325.44 | 318.55 | 200.88 |
| **SWEDEN** J & P | 3,227.90 | 3,182.10 | 2,478.70 |
| **SWITZERLAND** Swiss Bank Ind | 729.70 | 726.7 | 553.3 |

### COMMODITIES (London)

| | Oct 5 | Prev |
|---|---|---|
| Silver (spot fixing) | 466.40p | 464.00p |
| Copper (cash) | £1,159.30 | £1,132.00 |
| Coffee (Nov) | £1,386.00 | £1,337.50 |
| Oil (Brent Blend) | $18.925 | $18.75 |

### GOLD ($/oz)

| | Oct 5 | Prev |
|---|---|---|
| London | $456.00 | $459.70 |
| Zürich | $456.25 | $453.75 |
| Paris (fixing) | $457.47 | $457.30 |
| Luxembourg | $455.50 | $455.10 |
| New York (Dec) | $462.9 | $460.30 |

### CURRENCIES (London)

| | US DOLLAR Oct 5 | US DOLLAR Previous | STERLING Oct 5 | STERLING Previous |
|---|---|---|---|---|
| $ | – | – | 1.6240 | 1.6215 |
| DM | 1.8425 | 1.8420 | 2.9925 | 2.9875 |
| Yen | 146.80 | 146.35 | 238.5 | 237.25 |
| FFr | 6.1325 | 6.1275 | 9.96 | 9.935 |
| SFr | 1.5355 | 1.5345 | 2.4925 | 2.4875 |
| Fl | 2.0725 | 2.0725 | 3.365 | 3.36 |
| Lira | 1,329 | 1,329 | 2,158.25 | 2,155 |
| BFr | 38.25 | 38.40 | 62.10 | 62.00 |
| C$ | 1.3085 | 1.3075 | 2.1245 | 2.1185 |

### INTEREST RATES

| Euro-currencies (3-month offered rate) | Oct 5 | Prev |
|---|---|---|
| £ | 10⅛ | 10⅛ |
| SFr | 4⅛ | 4⅛ |
| DM | 4⅞ | 4⅞ |
| FFr | 8⅞ | 8⅛ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month US$ | 8⅞₁₆ | 8⅞₁₆ |
| 6-month US$ | 9⅛ | 9⅛ |
| **US Fed Funds** | 7⁷⁄₁₆* | 7.31 |
| **US 3-month CDs** | 7.90* | 8.175 |
| **US 3-month T-bills** | 6.66* | 6.89 |

### FINANCIAL FUTURES

| Oct 1 | Latest | High | Low | Prev |
|---|---|---|---|---|
| **CHICAGO** | | | | |
| **US Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| Dec | 82-06 | 82-23 | 81-27 | 82-21 |
| **US Treasury Bills (IMM)** $1m points of 100% | | | | |
| Dec | 92.69 | 92.74 | 92.64 | 92.77 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| Dec | — | — | — | — |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| Dec | 91.42 | 91.45 | 91.39 | 91.30 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| Dec | 114-28 | 115-00 | 114-16 | 114-08 |

### US BONDS

**Treasury**

| | October 5 Price | October 5 Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| 8¾ 1988 | 99²⁹⁄₃₂ | 8.63 | 99²⁹⁄₃₂ | 8.621 |
| 7 1994 | 92¹⁵⁄₃₂ | 9.52 | 92¹⁷⁄₃₂ | 9.508 |
| 8⅞ 1997 | 93¹⁵⁄₃₂ | 9.36 | 93¹⁵⁄₃₂ | 9.869 |
| 8¾ 2017 | 91¹³⁄₃₂ | 9.77 | 90²⁷⁄₃₂ | 9.813 |

Source: Harris Trust Savings Bank

**Treasury Index**

| Maturity (years) | October 5 Return Index | Day's change | Yield | Day's change |
|---|---|---|---|---|
| 1–30 | 163.17 | +0.23 | 6.93 | −0.03 |
| 1–10 | 154.63 | +0.12 | 6.66 | −0.03 |
| 1–3 | 144.03 | +0.07 | 6.37 | −0.03 |
| 3–5 | 157.57 | +0.17 | 6.71 | −0.03 |
| 15–30 | 193.58 | +0.59 | 7.78 | −0.03 |

Source: Merrill Lynch

**Corporate**

| | October 5 Price | October 5 Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| **AT&T** 3⅞ July 1990 | 90.875 | 7.30 | 91.75 | 7.25 |
| **SCBT South Central** 10⅞ Jan 1993 | 101.00 | 10.62 | 100.75 | 10.69 |
| **Phibro Sal** 8 April 1996 | 85.66 | 10.60 | 85.75 | 10.58 |
| **TRW** 8⅞ March 1996 | 91.00 | 10.40 | 91.00 | 10.38 |
| **Arco** 9⅞ March 2016 | 92.66 | 10.70 | 91.85 | 10.80 |
| **General Motors** 8⅞ April 2016 | 76.82 | 10.75 | 76.46 | 10.80 |
| **Citicorp** 9⅞ March 2016 | 84.75 | 11.15 | 83.70 | 11.30 |

Source: Salomon Brothers

* Latest available figures